TRICON CAPITAL GROUP

2014 ANNUAL REPORT

CORPORATE OVERVIEW

Tricon 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. Tricon owns, or manages on behalf of third-party investors, a portfolio of investments in land and homebuilding assets, single-family rental homes, and manufactured housing communities. Our business objective is to earn fee income through our Private Funds and Advisory business and to invest for investment income and capital appreciation through our Principal Investment business. Since its inception in 1988, Tricon has invested in real estate and development projects valued at approximately $16 billion. More information about Tricon is available at www.triconcapital.com.

SENIOR MANAGEMENT TEAM

DAVID BERMAN
Executive Chairman
Co-Founder, Chair of Investment Committee
EXPERIENCE
Lakeview Estates
First City Developments
Citibank Canada
EDUCATION
MBA and BSc, University of Witwatersrand (WITS)

GEOFF MATUS
Co-Founder
Member, Board of Directors
Member of Investment Committee
EXPERIENCE
The Kilmer Group
Citibank Canada
EDUCATION
LL.M., Columbia University
BCom, WITS

GARY BERMAN
President and CEO, Director
Member of Investment Committee
EXPERIENCE
Canderel
Blackstone Group
Goldman Sachs
EDUCATION
MBA, Harvard Business School
BCom, McGill University

JUNE ALIKHAN
Interim Chief Financial Officer
EXPERIENCE
The Oshawa Group
EDUCATION
CPA, CA
BCom, University of Toronto

WISSAM FRANCIS
Executive Vice President Corporate Finance
EXPERIENCE
EY, Transaction Real Estate Group
First Capital Realty
EDUCATION
CPA, CMA
MBA, Wilfrid Laurier University
MA, Waterloo University
H.BA, BCom, University of Western Ontario

DAVID VENEZIANO
Vice President and General Counsel
EXPERIENCE
Leisureworld Senior Care Corporation
Goodmans LLP
EDUCATION
LLB, University of Toronto Law School
BSc. (Hon), University of Toronto

FINANCIAL HIGHLIGHTS

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

Selected Financial Statements Information		2014		2013
Net Income	$	**110,403**	$	36,073
Basic Earnings Per Share		**1.22**		0.60
Diluted Earnings Per Share		**1.05**		0.59
Dividends Per Share		**0.24**		0.24
Weighted Average Basic Shares Outstanding		**90,821,117**		60,534,679
Weighted Average Diluted Shares Outstanding		**109,756,765**		61,372,589

Selected MD&A Financial Information		2014		2013
Adjusted Base Revenue	$	**90,937**	$	46,878
Adjusted EBITDA		**99,794**		68,787
Adjusted Net Income		**64,347**		34,686
Adjusted Basic Earnings Per Share		**0.71**		0.57
Adjusted Diluted Earnings Per Share		**0.59**		0.45
Assets Under Management as at December 31	$	**2,484,604**	$	1,857,804

Please refer to Management's Discussion and Analysis for detailed analysis and metric definition

All of Tricon's investments are overseen by a four-person investment committee and a four-person senior accounting and finance team. Each member of the senior management team has extensive real estate, private equity and finance experience.

JONATHAN ELLENZWEIG
Managing Director
EXPERIENCE
Citigroup
EDUCATION
BCom, Queen's University

CRAIG MODE
Managing Director
EXPERIENCE
DLJ Real Estate Capital Partners
EDUCATION
HBA, Richard Ivey School of Business, University of Western Ontario

ADRIAN ROCCA
Director
EXPERIENCE
AREA Property Partners
Credit Suisse First Boston
EDUCATION
HBA, Richard Ivey School of Business, University of Western Ontario

JEREMY SCHEETZ
Director
EXPERIENCE
HSBC Bank Canada
EDUCATION
MBA, Richard Ivey School of Business, University of Western Ontario
HBC, Queen's University

DOUGLAS P. QUESNEL
Vice President, Finance
EXPERIENCE
Dream Unlimited
Dream Global REIT
EDUCATION
CPA, CA
BCom, Concordia University

SANDRA PEREIRA
Vice President, Head of Tax Services
EXPERIENCE
Manulife Financial
Deloitte LLP
GE Capital Canada
EDUCATION
CPA, CA
BCom, University of Toronto

NOTE FROM
DAVID BERMAN

Co-Founder and Executive Chairman,
outgoing Chief Executive Officer

DEAR FELLOW SHAREHOLDERS:

2014 was a record year for Tricon, with all of our business verticals generating earnings significantly greater than the prior year's results. Adjusted EBITDA was $100 million, compared to just $4.8 million in 2011 (a short four years ago). This growth is a testament to our business strategy, the strength and resilience of our team and the support we have received from both the public and private markets. I sincerely thank our Board of Directors, our employees, shareholders, limited partners and key banking and private market relationships for the incredible effort and commitment that have gone into helping establish Tricon as a "housing brand" and a leader in the North American residential industry.

2014 may also be characterized as a year of both growth and consolidation, a concerted effort to absorb previous acquisitions and ready ourselves for future growth. As we look forward to 2015, it is perhaps pertinent to detail for each of our business lines the highlights of this past year:

Private Funds and Advisory
In our Private Funds and Advisory business, third-party assets under management (AUM) increased by 27% year over year through the formation of several land and homebuilding separate accounts and co-investment vehicles.

In mid-April 2014, we acquired a 50.1% interest in the development management arm of the Johnson Development Corporation ("Johnson"), one of the preeminent land developers in the United States. Johnson generated $11.6 million of contractual fee income in the nearly nine months following our acquisition, resulting in a 78% increase in total contractual fees earned by Tricon when compared to the previous year. After netting out the minority interest, we earned $3.7 million of EBITDA from our investment in Johnson, which represents an unlevered yield of approximately 18% on our acquisition. While we expect Johnson's earnings to be down in 2015 as a result of the impact on the Houston economy of the significant decline in oil prices, we have ambitious plans to grow the Johnson brand by diversifying its geographic footprint – opening up new master-plan communities in other strong regional markets where Johnson can leverage its deep relationships with public and private homebuilders.

Tricon Housing Partners
In our land and homebuilding investment business, now known as Tricon Housing Partners, our transformative purchase in 2013 of a 68.4% interest in THP1 US was the

Above, left to right: Rockwell, San Francisco, California (THP1 US); and Villa Metro, Santa Clarita, California (THP2 US)

major driver of our record performance in 2014. During the course of 2014, THP1 US's projects sold 409 homes and lots, produced $36.3 million (US$33.0 million) of income for Tricon on our US$260 million investment and distributed US$50.5 million of cash to the Company (US$72.2 million when including the 2013 stub year). That said, the total amount of cash distributed in 2014 was actually lower than we anticipated, as some closings which were expected to take place in late 2014 were pushed ahead into 2015. The income flowing from our investment in THP1 US together with the fair market value increases in our overall portfolio, resulted in the Company generating record income of $42.8 million – a 131% increase over 2013. These results do not include the significant foreign exchange gains resulting from the decline in the value of the Canadian dollar, which was essentially at par with the US dollar when we closed the acquisition of our interest in THP1 US in August 2013.

We continue to believe that THP1 US will produce $300 million of free cash flow for Tricon over the next few years. With the Faria Preserve project expected to be under contract in the first half of 2015 and with Vida, our second condominium project in the San Francisco portfolio, nearing completion, we are hopeful that a considerable amount of that cash flow will materialize in 2015.

Our current pipeline of new US land and homebuilding projects remains robust at approximately $500 million. Given that we believe we are still in the early innings of the US economic recovery and that there is no shortage of attractive opportunities in the US, we would expect to replace most, if not all, of the projects that will be completed in the coming quarters with new investments.

Tricon American Homes

At Tricon American Homes, our single-family rental investment subsidiary, our operations are now fully integrated across our eleven markets. We also reached our publicly stated goal of owning 5,000 homes by the end of 2014 slightly ahead of schedule and are in the advanced stages of a securitization transaction. Jonathan Ellenzweig, who heads up our San Francisco office, and his team at Tricon American Homes deserve praise for delivering on some ambitious targets in 2014, thereby positioning us for solid growth in the years ahead.

In terms of operating results, our 2014 net operating income increased 120% year over year to $30.7 million (US$27.8 million), partially as a result of maintaining operating margins at 63% while increasing in-place occupancy by 6% (to 84%) on a total portfolio that grew by more than 1,700 homes over the course of the year. In turn, total investment income in 2014 increased 111% year over year to $18.9 million as a result of the enlarged portfolio and improvements in our operating metrics.

We continue to enjoy strong home price appreciation in our markets, which in turn has resulted in significant increases in Tricon American Homes' unrealized income. As we prepare for a possible securitization transaction, we obtained Broker Price Opinions (BPOs) on 2,398 homes located in eight of our eleven markets in Q4. This, combined with fair market value increases recorded on our portfolio throughout the year (using the Automated Valuation Methodology) enabled us to produce a total fair market value uplift of $37.4 million in 2014 (compared to $32.1 million in 2013), reflecting both the substantial increase in home prices in the United States and the value we have added through our extensive renovation program.

Tricon Lifestyle Communities

At Tricon Lifestyle Communities, the division spearheading our entry into the manufactured housing community (MHC) business, we are focused on building an acquisition pipeline and on purchasing communities. At the time of writing, we own one community in Phoenix (the 314-pad Longhaven Estates) and have another 200-pad community under contract in Apache Junction, just east of Phoenix. Our pipeline is currently about $100 million and we expect to be able to acquire one to two communities per quarter, which may be augmented by portfolio acquisition opportunities that may



Above, left to right: Williams Island, Florida (THP1US); Silver Tower, Burnaby, British Columbia (THP3 Canada); and Vida, San Francisco, California (THP1 US)

come up from time to time.

We remain comfortable with both our decision to enter the MHC business and its operating fundamentals, while acknowledging that building scale remains a challenge, but not an insurmountable one. With that said, we intend to remain disciplined and maintain our initial acquisition plan of purchasing three to four star parks primarily in the US sunbelt region. We have no intention of "chasing yield" and we remain focused on patiently building an institutional-quality portfolio of communities.

In Summary

In summary, 2014 was a very positive year for Tricon. With much of the heavy lifting related to strategy formation, industry research and partner identification behind us, we are well positioned to continue to grow in each of our business verticals. Although Tricon's recent success has happened under my watch, those in the know recognize that much of the vision and energy that helped accomplish this came from Gary Berman. Acknowledging this, the Board of Directors felt it appropriate that Gary officially assume the mantle of CEO and he was appointed to this position in March 2015. I believe that not only is Gary incredibly talented and capable, but also that he is supported by an extremely intelligent, knowledgeable and hard-working senior management team – a team that was augmented significantly in 2014 with four new hires.

It is incumbent on every company to prepare for the CEO's succession and we have been preparing for this for over a year. Accordingly, I am confident that the leadership transition will be seamless. To this end, the Board has asked me to assume the position of Executive Chairman, which I have willingly done, as well as remaining on as the Chair of Tricon's Investment Committee, which I am more than happy to do. I remain totally committed to Tricon, the company I helped found.

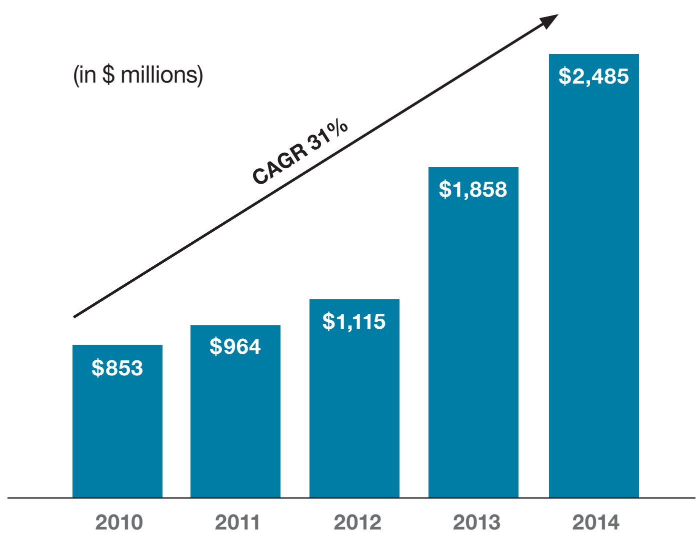
Accordingly, it is with much anticipation that I look forward to my new role – that of helping Gary and his team as they take the Company on its exciting journey to an even higher plateau.

DAVID BERMAN
Co-Founder and Executive Chairman, outgoing Chief Executive Officer

Toronto
6 April 2015

ASSETS UNDER MANAGEMENT GROWTH

Since going public in May 2010, Tricon's Assets Under Management has grown at a compound annual growth rate of 31% to $2.5 billion *



* Since going public in May 2010, Tricon has raised $1.3 billion of new third-party equity capital for various land and homebuilding projects

NOTE FROM
GARY BERMAN

President and Chief Executive Officer, Director

LOOKING AHEAD:

I feel incredibly privileged and excited to become the CEO of Tricon, a company David founded in 1988 along with Geoff Matus. I know first-hand how much effort was required in the early years to establish Tricon's track record and reputation and it is with great honour that I accept the responsibility to lead Tricon forward and uphold the values that were put in place by our founding principals. I want to thank our Board of Directors for their belief in me and for their ongoing support. David and Geoff, in particular, have been tremendous mentors over the years and I am incredibly appreciative of all the knowledge they have imparted and the time they have invested in my professional growth. I look forward to working closely with both of them in the years to come as Tricon grows from strength to strength.

The idea of Tricon becoming a "housing brand", whereby we invest our own capital into related and complementary residential verticals and then leverage our investment by acting as an asset manager, was established under David's watch. It has been a powerful concept that I intend to continue. And so, with our strategy in place, it will be "business as usual" at Tricon going forward.

With nearly 100% of our balance sheet invested in the United States, we are better positioned than ever to take advantage of the ongoing US economic and housing recovery that is now hitting its stride. The fundamentals for US housing are solidly intact, with strong job growth, higher population growth compared to the rest of the Western world, historically low mortgage rates, near-record housing affordability, lower gas prices, supply that is anywhere from balanced to tight in our key markets, and growing household demand. In fact, given that credit remains relatively tight and that housing starts are 50% below the 50-year average, it seems possible that we are still in the early innings of a US housing recovery with the potential for a prolonged upcycle given pent-up demand from millennials who are deferring their inevitable decision to form new households.

Our various housing verticals, namely Tricon Housing Partners, Tricon American Homes and Tricon Lifestyle Communities, all stand to benefit from a better economic outlook, with the expectation that Tricon Housing Partners will lead the way in the earlier part of the cycle with superior risk-adjusted returns. Our different business lines complement and reinforce one another, allowing us to service the entire North American housing demographic in terms of socio-economics and household life-cycle. This provides us with a more complete picture of the housing industry and hopefully will make Tricon a better and more informed investor in the process.

As we look forward, we are also building Tricon to be able to better withstand cycles, as Tricon American Homes and Tricon Lifestyle Communities should hold up relatively well in a down cycle since they provide essential affordable housing services to American households, creating an implicit hedge in our business model vis-à-vis the inherent cyclicality of new housing.

Further, by expanding our offerings or business lines, we have also positioned ourselves better to attract interest from third-party capital providers. Over the past 4 years, our AUM has grown at a compound annual growth rate of 31% to $2.5 billion, and our goal is to continue to increase that to roughly $5 billion over the next five years by seeking the participation of private investors in our various investment offerings.

Finally, with an upsized credit facility, significant proceeds expected from our interest in THP1 US and our plan to repatriate equity through a possible securitization of our single-family rental portfolio, it is not a stretch to say we are in a position to control our own destiny and I am, therefore, very excited about Tricon's prospects for the future.

GARY BERMAN
President and Chief Executive Officer, Director

Toronto
6 April 2015

TRICON AT A GLANCE

Asset manager and principal investor focused on the residential real estate industry in North America

INVESTMENT STRATEGY

- Each investment undergoes due diligence and approval by Tricon's Investment Committee and is in key established markets that are expected to benefit from above average population demographics and job growth
- Tricon targets the "smile" states, markets with strong underlying fundamentals (highest levels of employment/permit ratio growth – California, Arizona, Texas, Florida, Georgia and North Carolina)
- Tricon's strategy is to work with local operating partners and "on the ground" employees to acquire or develop high-quality residential lots and houses in major growth markets across the US Sunbelt
- Tricon has been working with many of the same operating partners and local operators over the last 10 – 20 years, leading to significant repeat business

TRICON HOUSING PARTNERS

LAND AND HOMEBUILDING

TRICON AMERICAN HOMES

SINGLE-FAMILY RENTAL

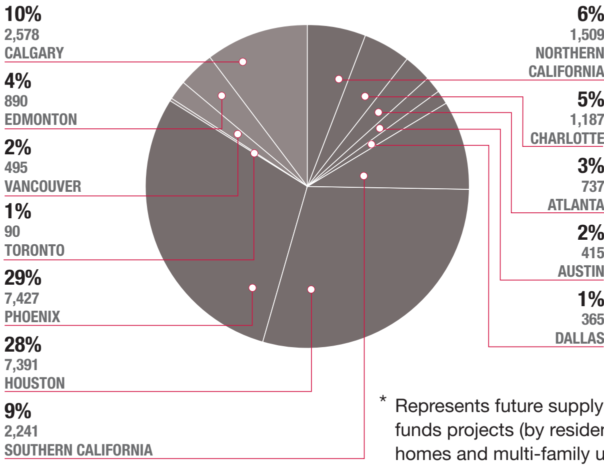
TRICON LIFESTYLE COMMUNITIES

MANUFACTURED HOUSING

Tricon continues to pursue opportunistic residential real estate investments across the US and Canada with the goal of becoming a "one-stop shop" for investors, developers and operators.

TRICON HOUSING PARTNERS

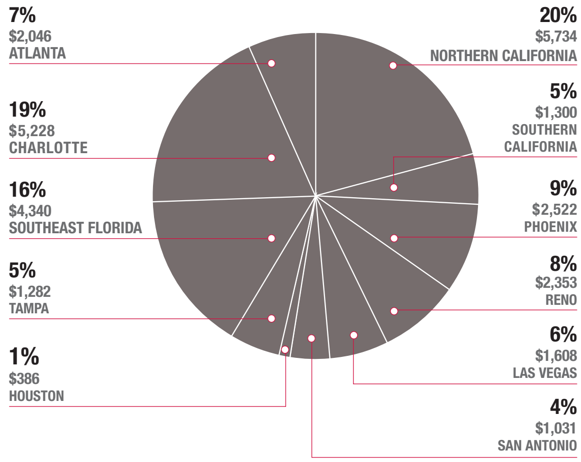
Geographic Breakdown of Current Inventory/Potential Future Supply*



* Represents future supply of private funds projects (by residential lots, homes and multi-family units)

TRICON AMERICAN HOMES

2014 Net Operating Income by Market (US $000)



TRICON

OVERVIEW

- Tricon has been a very active investor in US land and homebuilding assets since the 2008 credit crisis
- Most investments have been made through Tricon's commingled funds and separate accounts
- Tricon currently owns/controls 25,326 residential lots/homes/ multi-family units and 848 acres of commercial land
- Over a 27 year period, Tricon has committed more than $2.3 billion of equity in over 165 land and homebuilding transactions

EXECUTION STRATEGY

- Provide equity-type capital to local/regional developers and builders of residential lots, homes and multi-family units
- Tricon typically co-invests 10% of the capital commitment in each investment vehicle
- Target the "smile" states, markets with strong underlying fundamentals (California, Arizona, Texas, Florida, Georgia and North Carolina)
- Tricon continues to actively evaluate investment opportunities in Canada but believes stronger risk-adjusted returns can be achieved in the US where it expects to continue to focus its investment activity

OVERVIEW

- One of a small group of players who are "institutionalizing" the single-family rental industry with a fully-integrated business platform
- Portfolio of 5,030 homes at December 31, 2014
- Average all-in cost per home of $117,000 and average rent of $1,139
- Platform is capitalized with $270 million of equity and a US$400 million warehouse credit facility

EXECUTION STRATEGY

- Buy, renovate and lease properties across target markets in the "smile" states
- Mature markets: Northern California, Southern California, Phoenix, Reno and Las Vegas
- Active markets: San Antonio, Houston, Southeast Florida, Charlotte, Tampa and Atlanta
- Target is to acquire 400 – 500 homes per quarter

OVERVIEW

- Tricon has commenced assembly of an institutional-quality portfolio of manufactured housing properties across the United States, with a primary focus on the "smile" states
- The manufactured housing industry is ripe for consolidation as it is highly fragmented with private investors
- Tricon and Cobblestone Real Estate LLC have entered into a partnership to acquire and manage a portfolio of three to four-star communities

EXECUTION STRATEGY

- Target markets are primarily located in the "sunbelt", underpinned by strong fundamentals such as robust job and population growth
- Target well-located MHCs that are initially deemed to be three to four-star quality but remain undercapitalized and lack professional asset management, and as a result suffer from below market rents and lower occupancy

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Management's Discussion and Analysis

of Results of Operations and Financial Condition

For the Year Ended December 31, 2014

Table of Contents

Management's Discussion and Analysis

of Results of Operations and Financial Condition

For the Year Ended December 31, 2014

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 2014	Three Months 2013	Three Months Variance	Full Year 2014	Full Year 2013	Full Year 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.

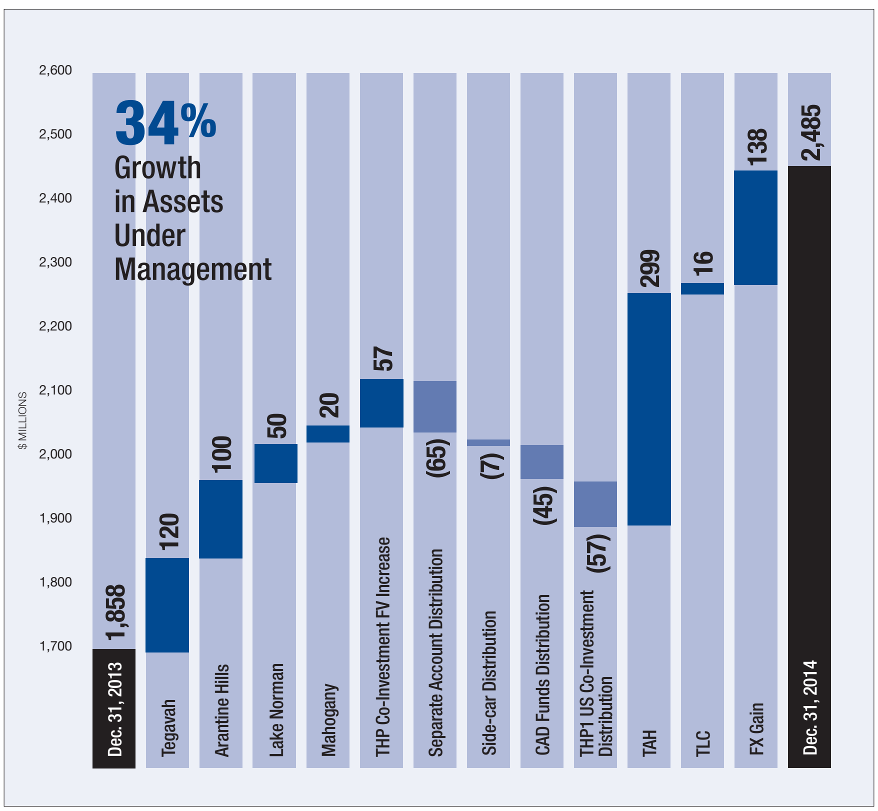


Figure 1: Changes in Assets Under Management

Increase Decrease

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) 2014	2013
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
		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.

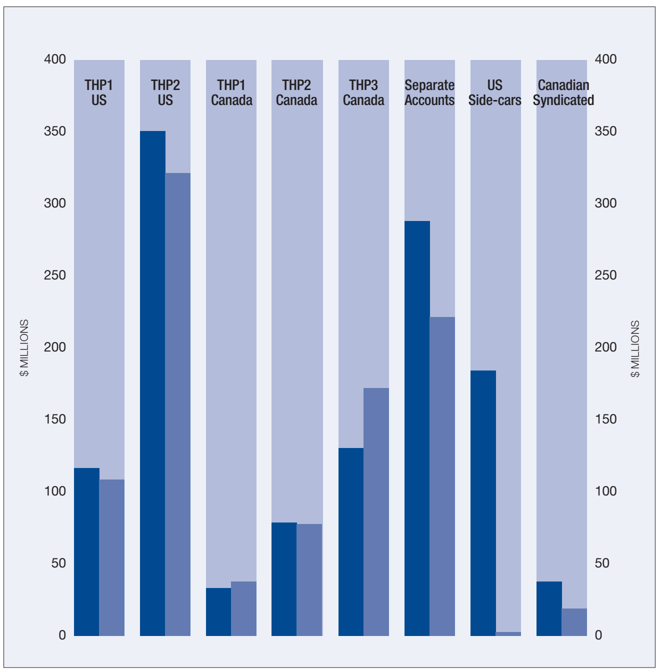


Figure 3: Private Funds and Advisory Assets Under Management by Investment

2014 2013

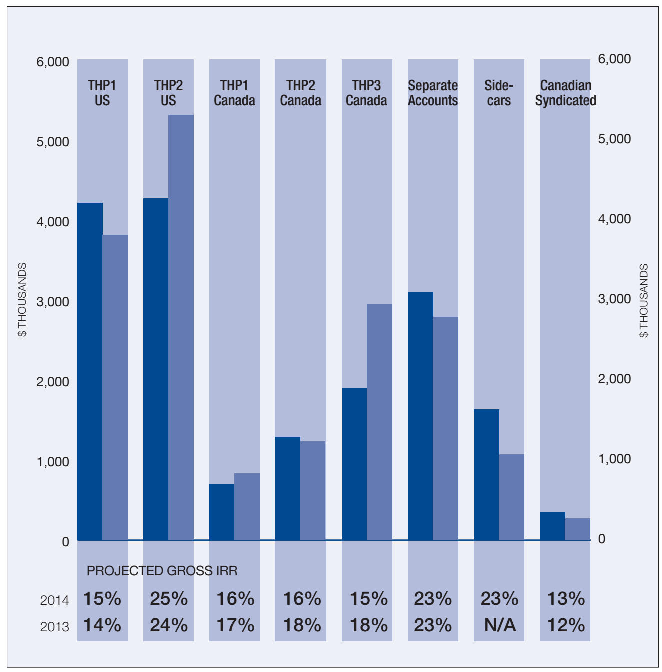


Figure 4: Fees Received from Investments and Projected Gross IRR by Investment

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.

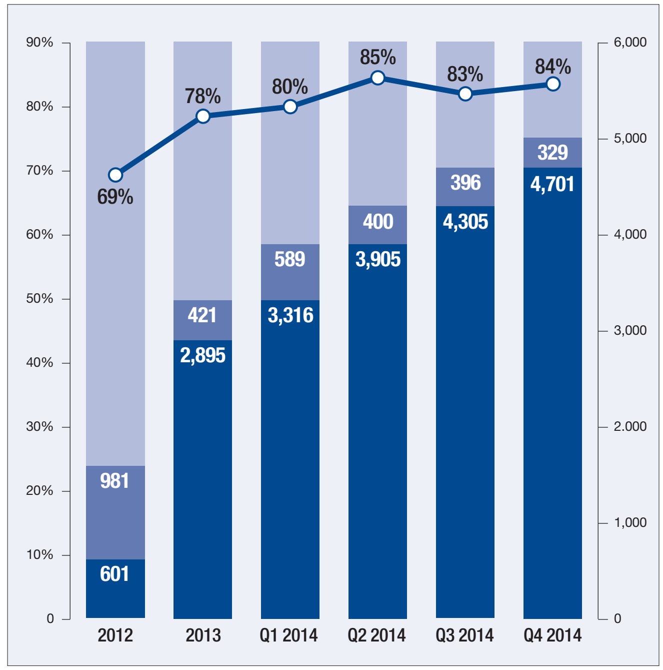


Figure 5: Tricon American Homes Acquisition and Occupancy

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

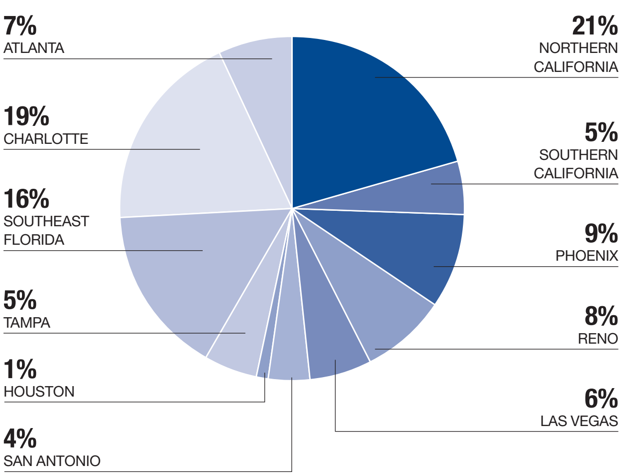


Figure 6: Tricon American Homes Operational Results by Market

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.

Tricon continues to own 100% of TAH.

TAH owns 70% to 100% of the property Holding Companies and receives net operating income; all homes purchased by TAH subsequent to September 1, 2014 are 100% owned by TAH.

TAH owns 55% of the Asset and Property Management companies and receives its pro-rata share of the net asset and property management fees.

Asset Holding companies pay property and asset management fees to the management company.

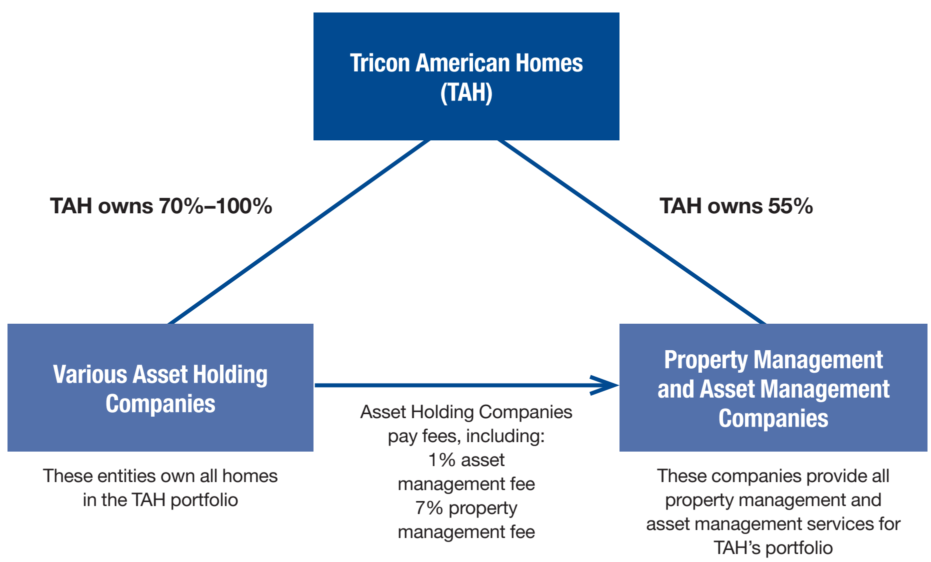


Figure 7: Tricon American Homes Organizational Chart Post-integration and Internalization

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.

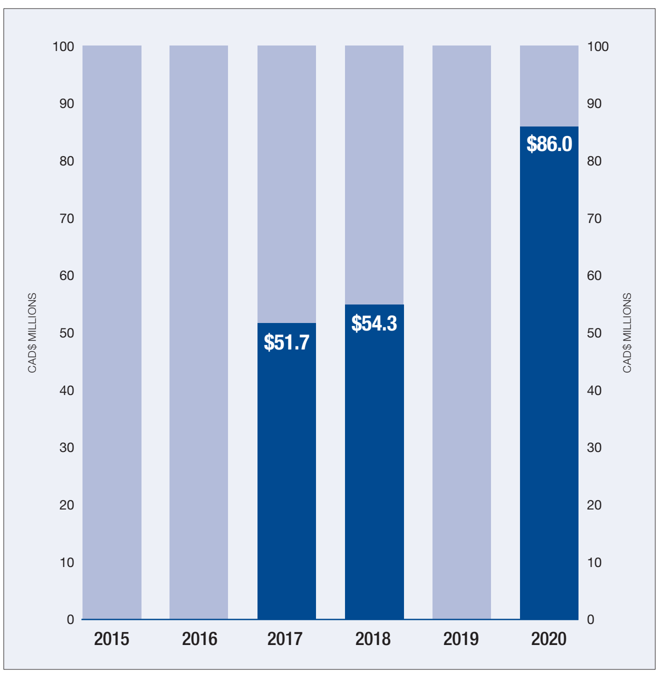


Figure 8: Debt Maturity Schedule (as at December 31, 2014)

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			Full Year		
	2014	2013	Variance	2014	2013	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)			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.)
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)			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.)
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		Full Year (1)	
	USD	CAD	USD	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.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

pwc

March 11, 2015

Independent Auditor's Report

To the Shareholders of
Tricon Capital Group Inc.

We have audited the accompanying consolidated financial statements of Tricon Capital Group Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2014 and December 31, 2013 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tricon Capital Group Inc. and its subsidiaries as at December 31, 2014 and December 31, 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Consolidated Balance Sheets

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

	Notes	December 31, 2014	December 31, 2013
Assets			
Cash		$ 5,731	$ 13,122
Amounts receivable		6,401	2,920
Prepaid expenses and deposits		1,372	416
Investments – Tricon Housing Partners	5,6	367,818	332,556
Investments – Tricon American Homes	5,6	399,269	287,053
Investments – Tricon Lifestyle Communities	5,6	4,926	–
Intangible assets	12	42,509	4,441
Deferred income tax assets	11	8,623	1,965
Other assets	13	882	470
Total assets		$ 837,531	$ 642,943
Liabilities			
Amounts payable and accrued liabilities	9	$ 21,235	$ 13,663
Dividends payable	14	5,412	5,417
Long-term incentive plan	16	20,712	10,646
Debt	8	162,718	107,144
Deferred income tax liabilities	11	17,193	2,312
Derivative financial instruments	10	41,737	46,964
Total liabilities		269,007	186,146
Equity			
Share capital	15	456,148	455,191
Contributed surplus		7,281	6,113
Accumulated other comprehensive loss		(176)	(38)
Retained earnings (deficit)		83,971	(4,469)
Total shareholders' equity		547,224	456,797
Non-controlling interest	7	21,300	–
Total equity		568,524	456,797
Total liabilities and equity		$ 837,531	$ 642,943

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

Approved by the Board of Directors

David Berman Michael Knowlton Duff Scott

Consolidated Statements of Comprehensive Income

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

For the Years Ended	Notes	December 31, 2014	December 31, 2013
Revenue			
Contractual fees		$ 26,971	$ 15,139
General partner distributions		1,897	2,959
Performance fees		42	195
Interest income		122	1,302
		29,032	19,595
Investment income			
Investment income – Tricon Housing Partners	5,6	72,197	34,482
Investment income – Tricon American Homes	5,6	85,596	37,158
Investment income – Tricon Lifestyle Communities	5,6	368	–
		158,161	71,640
		187,193	91,235
Expenses			
Salaries and benefits expense		13,873	4,992
Annual incentive plan	16	5,206	5,236
Long-term incentive plan	16	12,203	5,875
Professional fees		2,566	1,624
Directors' fees	17	444	333
Formation costs		70	–
General and administration expense	18	3,186	1,666
Interest expense		15,575	12,298
Net change in fair value of derivative	10	(5,227)	5,680
Transaction costs		1,264	5,024
Amortization expense		4,619	763
Realized and unrealized foreign exchange gain		377	(1,191)
		54,156	42,300
Income before non-controlling interest, income taxes		**133,037**	**48,935**
Non-controlling interest change	7	(1,827)	–
Income before income taxes		**131,210**	**48,935**
Income tax expense	11	20,807	12,862
Net income		**$ 110,403**	**$ 36,073**
Other comprehensive income			
Cumulative translation reserve		(137)	(38)
Comprehensive income for the period		**$ 110,266**	**$ 36,035**
Basic income per share	19	**$ 1.22**	**$ 0.60**
Diluted income per share		**$ 1.05**	**$ 0.59**
Weighted Average Shares Outstanding – Basic		**90,821,117**	**60,534,679**
Weighted Average Shares Outstanding – Diluted		**109,756,765**	**61,372,589**

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

Consolidated Statements of Changes in Equity

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

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total Shareholders' Equity	Non-controlling Interest	Total Equity
Balance at January 1, 2013		$ 164,614	$ 1,377	$ –	$ (24,696)	$ 141,295	$ –	$ 141,295
Net income		–	–	–	36,073	36,073	–	36,073
Cumulative translation reserve		–	–	(38)	–	(38)	–	(38)
Non-controlling interest		–	–	–	–	–	–	–
Dividends	14	955	–	–	(15,837)	(14,882)	–	(14,882)
Repurchase of common shares	15	(57)	–	–	(9)	(66)	–	(66)
Issuance of common shares, net of issuance cost of $7,927	15	289,679	–	–	–	289,679	–	289,679
Stock option expense	15,16	–	538	–	–	538	–	538
Phantom units	16	–	3,203	–	–	3,203	–	3,203
Deferred share units		–	995	–	–	995	–	995
Balance at December 31, 2013		455,191	6,113	(38)	(4,469)	456,797	–	456,797
Net income		–	–	–	110,403	110,403	1,827	112,230
Cumulative translation reserve		–	–	(138)	–	(138)	–	(138)
Non-controlling interest	7	–	–	–	–	–	19,473	19,473
Dividends/Dividend reinvestment plan	14,15	2,741	–	–	(21,720)	(18,979)	–	(18,979)
Repurchase of common shares	15	(3,858)	(1,807)	–	–	(5,665)	–	(5,665)
Stock options	15,16	591	479	–	–	1,070	–	1,070
Phantom units	16	1,483	(1,526)	–	(243)	(286)	–	(286)
Deferred share units		–	4,022	–	–	4,022	–	4,022
Balance at December 31, 2014		$ 456,148	$ 7,281	$ (176)	$ 83,971	$ 547,224	$ 21,300	$ 568,524

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

For the Year Ended	Notes	December 31, 2014	December 31, 2013
Cash provided by (used in)			
Operating activities			
Net income		$ 110,403	$ 36,073
Adjustments for non-cash items			
Non-controlling interest	7	1,827	–
Amortization of intangibles and fixed assets		4,619	764
DSUP expense		4,099	92
Deferred income taxes	11	5,023	8,112
Long-term incentive plan	16	9,779	5,387
Annual incentive plan	16	1,673	3,078
Amortization of debenture discount and issue costs		5,635	12,056
Accrued investment income – Tricon Housing Partners	5,6	(72,197)	(34,482)
Accrued investment income – Tricon American Homes	5,6	(85,596)	(37,158)
Accrued investment income – Tricon Lifestyle Communities	5,6	(368)	–
Net change in fair value of derivative	10	(5,227)	5,680
Unrealized foreign exchange (gain) loss		3,310	(77)
Distributions to non-controlling interest		(2,431)	–
Funding of investments		(66,737)	(367,906)
Distributions received		75,694	55,746
		(10,494)	(312,635)
Changes in non-cash working capital items	25	1,119	(3,617)
		(9,375)	(316,252)
Investing activities			
Investment in Johnson	7	(20,335)	–
Purchase of office equipment, furniture and leasehold improvement	13	(277)	(397)
Placement fees	12	(273)	(2,671)
		(20,885)	(3,068)
Financing activities			
Issuance (repurchase) of common shares	15	(5,624)	241,526
Equity issuance cost	15	(15)	(14,425)
Issuance of debentures (net of issuance costs of $4,080)	8	–	81,920
Proceeds from borrowing (net of financing costs)	8	47,478	4,254
Dividends paid	14	(18,970)	(11,970)
		22,869	301,305
Change in cash during the year		(7,391)	(18,015)
Cash – beginning of year		13,122	31,137
Cash – end of year		$ 5,731	$ 13,122
Supplementary information			
Income taxes paid		$ 9,722	$ 3,026

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

1. Nature of Business

Tricon Capital Group Inc. ("Tricon" or the "Company") and its subsidiaries invest in the residential real estate sector for investment income and capital appreciation through its Principal Investment business segments and earn fee income through its Private Funds and Advisory business in the US and Canada. In the Principal Investment business, the Company primarily invests through its Tricon Housing Partners (formerly "Land and Homebuilding"), Tricon American Homes (formerly "Single-Family Rental"), and Tricon Lifestyle Communities (formerly "Manufactured Housing Communities") business lines. In the Private Funds and Advisory business, the Company manages and originates investments through private commingled funds and separate investment accounts that participate in the development of real estate in North America, by providing equity-type financing to developers.

Tricon was incorporated on June 16, 1997 under the Business Corporations Act (Ontario) and its head office is located at 1067 Yonge Street, Toronto, Ontario, M4W 2L2. The Company is domiciled in Canada. Tricon became a public company on May 20, 2010 and its common shares are listed on the TSX (symbol: TCN).

These consolidated financial statements were approved for issue on March 10, 2015 by the Board of Directors of Tricon.

2. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies applied in the preparation of these consolidated financial statements.

Basis of preparation

The consolidated financial statements are prepared on a going-concern basis and have been presented in Canadian dollars which is also the Company's functional currency. All financial information has been rounded to the nearest thousands of dollars except when otherwise indicated.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention except for (i) investments in Tricon Housing Partners, Tricon American Homes and Tricon Lifestyle Communities and (ii) derivative financial instruments, which are recorded at fair value through profit or loss ("FVTPL").

The Company presents its consolidated balance sheet with its assets and liabilities in decreasing order of liquidity. The notes to the consolidated financial statements provide information on the Company's current assets and current liabilities (Note 22). The Company believes this presentation is more relevant given the nature of the Company's operations, which do not have a specifically identifiable operating cycle.

Changes in accounting policies and disclosures

Consolidation

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company meets the definition of an investment entity and as such, investments in subsidiaries (other than those that provide investment-related services) are accounted for at FVTPL, rather than by consolidating them. All of the subsidiaries that provide investment-related services, including the Company's Canadian and US asset management operating entities that earn contractual fees and performance fees from private funds, continue to be consolidated.

The Company applies the acquisition method to account for business combinations. The consideration for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The amounts attributable to non-controlling interests are presented separately in the statement of comprehensive income below net income, and are included in the equity section of the balance sheet.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealized gains or losses on transactions between the group of companies are eliminated. Amounts reported by subsidiaries have been adjusted to conform to the Company's accounting policies.

Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Associates that are held as part of the Company's investment portfolio are carried on the balance sheet at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28, "Investment in Associates", which allows investments that are held by the Company to be recognized and measured at FVTPL and accounted for in accordance with IAS 39 and IFRS 13, with changes in fair value recognized in the statement of comprehensive income in the period of the change.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment of the subsidiary (the functional currency). The consolidated financial statements are presented in Canadian dollars, which is Tricon's functional currency and the functional currency of its foreign operations, with the exception of the subsidiary related to the US asset management business, which is US dollars (effective Q4 2013 when commercial operations commenced and the entity was no longer an extension of the parent).

Foreign currency transactions are translated into Canadian dollars using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the historical exchange rate. Gains and losses arising from foreign exchange are included in the statement of comprehensive income (loss).

Subsidiaries

For subsidiaries that are required to be consolidated, the results and financial position of those subsidiaries (none of which has the currency of a hyperinflationary economy) with a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities are translated at the closing rate at the date of the balance sheet;
ii) income and expenses are translated at average exchange rates. The Company uses monthly average exchange rates due to the volume of transactions each month; and
iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

On disposal of a foreign operation (that is, a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified from other comprehensive income to net income (loss).

The consolidated subsidiaries and their respective functional currencies are as follows:

Name	Functional currency
Tricon Holdings Canada Inc.	US dollar
Tricon Housing Partners US II (Canada) GP Ltd.	Canadian dollar
Tricon Capital GP Inc.	Canadian dollar
Tricon Housing Partners US II A Incentive LP	US dollar
Tricon Housing Partners US II B/C Incentive LP	US dollar
Tricon Holdings USA LLC	US dollar
Tricon USA Inc.	US dollar
Tri Continental Capital IV Ltd.	Canadian dollar
Tri Continental Capital VI Ltd.	Canadian dollar
Tricon Housing Partners Canada GP Ltd.	Canadian dollar
Tricon Housing Partners Canada II GP Ltd.	Canadian dollar
CCR Texas Agent Inc.	US dollar
Tricon JDC LLC	US dollar

Office equipment and leasehold improvements

Furniture, office equipment, computer equipment and leasehold improvements are accounted for at cost less accumulated amortization. Leasehold improvements are amortized on a straight-line basis over the lease term (including reasonably assured renewal options). All other capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Furniture	3 years
Office equipment	5 years
Computer equipment	2 years
Leasehold improvements	5 years

Estimated useful lives and residual values of capital assets are reviewed and adjusted, if appropriate, at each financial year-end.

Placement fee and performance fee rights intangible assets

Placement fees represent costs incurred to secure investment management contracts. Performance fee rights represent costs incurred to obtain rights to receive future performance fees from certain funds. These are accounted for as intangible assets carried at cost less accumulated amortization. Amortization is recorded using the straight-line method and is based on the estimated useful lives of the associated funds, which is generally eight years.

Johnson intangibles

The intangibles from Johnson represent the future management fees, development fees and commissions that Tricon expects to collect over the life of the projects that the Johnson Companies LP manages. They are amortized by project over the estimated periods that the projects expect to collect these fees, which is approximately seven years for the fees receivable and lot development fees receivable.

The customer relationship intangible from Johnson represents the management fees, development fees and commissions that Tricon will collect from future projects. These are based on future projects which are a result of Johnson's existing customer relationships, and as such are considered to be indefinite-life intangibles.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to a cash-generating unit as it is the lowest level within the Company at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the greater of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets are reviewed for possible impairment or reversal of a previously recorded impairment at each reporting date.

Financial instruments

Financial assets

Financial assets are classified as financial assets at FVTPL, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not carried at FVTPL, directly attributable transaction costs.

Transaction costs related to financial assets at FVTPL are expensed as incurred in the statement of comprehensive income. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value.

Gains and losses arising from changes in the fair value of the financial assets at FVTPL category are presented in the statement of comprehensive income within investment income.

Financial assets are derecognized only when the contractual rights to the cash flows from the financial assets expire or the Company transfers substantially all of the risks and rewards of ownership.

The Company's other financial assets carried at amortized cost consist of cash and cash equivalents and amounts receivable.

Cash includes cash on hand and deposits held at call with banks.

Cash and amounts receivable are initially recognized at fair value and subsequently accounted for at amortized cost. Interest income is accounted for using the effective interest rate method.

The Company assesses, at each financial position date, whether there is objective evidence that receivables are impaired. If there is objective evidence of impairment (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the receivable is tested for impairment. The amount of the loss is measured as the difference between the account's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred), discounted at the original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount is reduced through the use of an allowance account. The amount of the loss is recognized in net income (loss).

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the receivable does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in net income (loss).

Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL or other liabilities, as appropriate.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

The Company's financial liabilities consist of amounts payable and accruals, dividends payable, income tax payable, debentures interest payable, bank debt and debentures payable and derivative financial instruments. The Company's financial liabilities are classified as other liabilities.

Bank debt and debentures payable are initially recognized at fair value and subsequently accounted for at amortized cost. Interest expense is accounted for using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derivative financial instruments

Derivative financial instruments, which are comprised of the conversion and redemption options related to the convertible debentures, are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value with the resulting gain or loss reflected in net income (loss). Derivatives are valued using model calibration. Inputs to the valuation model are determined from observable market data wherever possible, including prices available from exchanges, over-the-counter markets and consensus pricing. Certain inputs may not be observable in the market directly, but can be determined from observable prices via model calibration procedures or estimated from historical data or other sources.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible unsecured subordinate debentures that can be converted to share capital at the option of the holder. The Company may settle the conversion right in cash in lieu of common shares unless the holder has explicitly indicated that they do not wish to receive cash. The cash settlement amount depends on the weighted average trading price of the common shares of the Company. This settlement option requires the Company to record the conversion option as a financial liability at fair value at each reporting period, with changes in fair value recorded in net income (loss).

In addition, the debentures contain a redemption option, subject to several conditions, which allows the Company to redeem the debentures, in whole or in part, and the Company may settle the redemption option either in cash at par plus accrued and unpaid interest or in common shares, with the number of common shares to be issued depending on the weighted average trading price of the common shares of the Company. The redemption option is recorded as a financial liability at fair value at each reporting period, with changes in fair value recorded in net income (loss).

The host liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The conversion and redemption options are considered to be interrelated and therefore are treated as a single compound embedded derivative which is recognized at fair value.

Any directly attributable transaction costs are allocated entirely to the host liability component.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. As of December 31, 2014, the Company does not have any assets or liabilities that are subject to an offsetting agreement.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are recorded as an expense in net income (loss) on a straight-line basis over the term of the lease. Leases of assets where the Company has retained substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, from the proceeds.

Where the Company purchases its equity share capital for cancellation, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders.

Earnings (loss) per share

Basic

Basic earnings (loss) per share is determined using the weighted average number of shares outstanding including vested phantom units and deferred share units issued during the reporting period, taking into account on a retrospective basis any increases or decreases caused by share splits or reverse share splits occurring after the reporting period, but prior to the financial statements being authorized for issue.

Diluted

The Company considers the effects of stock compensation and convertible debentures in calculating diluted earnings per share. Diluted earnings (loss) per share is calculated by adjusting net income (loss) and the weighted average number of shares based on the assumption of the conversion of all potentially dilutive shares on a weighted average basis from the date the potential share compensation vests and from the conversion date of the debentures to the balance sheet date. The conversion date of the debenture units was assumed to be the later of the beginning of the reporting period and the closing date, in accordance with IAS 33.

Dividends

Dividends are accrued when declared by Tricon's Board of Directors.

Current and deferred income taxes

Income tax (recovery) expense includes current and deferred income taxes. Income tax (recovery) expense is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity, in which case the tax is also recognized directly in equity. Income taxes are calculated based on the enacted or substantively enacted rates in effect at the consolidated balance sheet date. Management evaluates uncertain tax positions subject to interpretation and establishes provisions as appropriate, based on expectations about future settlements, using the best estimate approach.

The Company uses the liability method to recognize deferred income taxes on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax assets are only recorded if it is probable that they will be realized. Enacted or substantively enacted rates in effect at the consolidated balance sheet date that are expected to apply when the deferred income tax asset is realized or the deferred tax liability is settled are used to calculate deferred income taxes.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investment income

Investment income includes gains and losses arising on the remeasurement of investments at FVTPL, including foreign exchange gains and losses.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the provision of services in the ordinary course of the Company's activities. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will be received and when specific criteria have been met, as described below.

Revenues comprise contractual fees and general partner distributions which are not contingent on the performance of the underlying funds as well as performance fees earned in respect of investment management services provided to investment funds managed by the Company. Contractual fees are recognized as services are performed and are based on a fixed percentage of each fund's committed capital prior to the expiration of the fund's investment period and based on invested capital following the expiration of the relevant investment period. The contractual fees also include the management and development fees earned by Johnson from its underlying projects. General partner distributions are recognized as services are performed.

Performance fees are earned based on fixed percentages of the distributions of each fund in excess of predetermined thresholds as outlined by each limited partnership agreement. Performance fees are recognized when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company, which is generally subsequent to the return of all the original capital provided by investors plus a preferred rate of return as specified in the limited partnership agreement. Contractual fees and performance fees are earned through the Company's fiduciary activities as an investment manager.

Compensation arrangements

Stock option plan

The Company accounts for its stock option plan by calculating the fair value of the options as of the grant date using a Black-Scholes option pricing model and observable market inputs. This fair value is recognized as compensation cost using the graded vesting method over the vesting period of the options.

Annual Incentive Plan ("AIP")

The Board of Directors approved a new Compensation Incentive Plan in September 2013, consisting of an Annual Incentive Plan ("AIP") and a Performance Fee-Related Bonus Plan known as the long-term incentive plan ("LTIP"). The plan was approved as of January 2013.

AIP is calculated based on 15%–20% of Adjusted Base EBITDA excluding Tricon Housing Partners US LP ("THP1 US", formerly "Tricon IX") investment income with the actual rate determined annually at the Board's discretion. For 2014, the AIP was calculated as 15% (2013 – 20%) of Adjusted Base EBITDA excluding THP1 US investment income. Unlike the previous plan where 100% of the annual bonus was awarded in cash, under this new plan, 60% of AIP compensation will be distributed as cash, and 40% in Deferred Share Units ("DSUs") with a one-year vesting and expense period. Expenses incurred under the AIP are recognized in the period when services are provided.

Long-term incentive plan ("LTIP")

LTIP expense is generated from two sources: (i) 50% of the Company's share of performance fees or carried interest from Tricon Housing Partners and (ii) 15%–20% of THP1 US investment income payable in DSUs which vest over a five-year period. The percentage for any year is the same as the AIP percentage. Amounts under the LTIP are allocated among the employees based on amounts defined in employment agreements.

For the LTIP generated from the Company's share of performance fees or carried interest from Tricon Housing Partners, the Company estimates the LTIP liability by determining the fair value of the compensation expenses at each reporting date based on the estimated obligation arising under the LTIP plan. Changes in the LTIP liability are recognized in the statement of comprehensive income (loss).

For the LTIP generated from the Company's investment income in THP1 US, as the deferred shares vest equally on the anniversary dates following the grant date over a five-year period, the compensation expenses are recognized over a six-year period on a graded vesting basis.

Directors' fees – deferred share unit plan ("DSUP")

On May 20, 2010, the Company established a DSUP. Under the DSUP, each independent director is entitled to elect to have any amount or percentage of their director fees contributed to the DSUP in lieu of cash payment. The number of DSUs is determined by dividing the amount of the elected fee by the market price of the Company's shares on the grant date, which is the 15th day following the end of any fiscal quarter. The market price is defined as the five-day average of the closing price of the Company's shares on the TSX ending on the last trading date immediately preceding the date as of which the market price is determined. All notional units vest as of the grant date. Additional DSUs are issued equivalent to the value of any cash dividends that would have been paid on the common shares.

Notional units issued under the DSUP may only be redeemed by the independent director when such director no longer serves on the Board of Tricon. Redemptions will be paid out in cash. The directors elect the amount of fees that will be contributed to the DSUP upon commencement of their term as a member of the Board. Directors may change their election from fiscal quarter to fiscal quarter.

The liability is fair valued at each reporting date based on the share price of the Company as at the reporting date and is recorded within current liabilities as there are no vesting requirements and payment takes place when a Board member resigns.

Upon the redemption of the DSUs, the Company shall pay to the independent director a lump sum cash payment equal to the number of DSUs to be redeemed multiplied by the market price of the Company's common shares on the redemption date, net of applicable deductions and withholdings. If an independent director ceases to be an eligible director, they may choose a redemption date by giving written notice to the Company, provided that such date is not prior to the tenth day following the release of the Company's quarterly or annual results and is not later than eleven months following the cessation of the independent director being an eligible director. If written notice is not provided, the redemption date is deemed to be eleven months from the cessation of the independent director being an eligible director.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined that its chief operating decision-makers are the chief executive officer (CEO) of the Company and its president.

3. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are outlined below. Actual results could differ from these estimates and the differences may be material.

Income taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Significant estimates are required in determining the Company's consolidated income tax provision. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions. Furthermore, deferred income tax balances are recorded using enacted or substantively enacted future income tax rates. Changes in enacted income tax rates are not within the control of management. However, any such changes in income tax rates may result in actual income tax amounts that may differ significantly from estimates recorded in deferred tax balances.

Fair value and impairment of financial instruments

Certain financial instruments are recorded in the Company's consolidated balance sheet at values that are representative of or approximate fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price or dealer price quotations.

The fair values of the Company's investments in Tricon Housing Partners, Tricon American Homes, Tricon Lifestyle Communities, and separate accounts and side-car investments are determined using the valuation methodologies described in Note 6.

The fair value of certain other financial instruments is determined using valuation techniques. By their nature, these valuation techniques require the use of assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in the underlying assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect the investment income recognized in a particular period.

The Johnson Companies Limited Partnership ("Johnson") acquisition, as described in Note 7, involved the use of estimates for determining the fair value of the intangible assets acquired, including the allocation of the consideration to the various different intangibles.

Critical judgments in applying the Company's accounting policies

Determination of investment entity

In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income (including rental income), or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties.

Acquisition of Johnson and investment in Tricon Lifestyle Communities

IFRS 10 allows an entity to participate in investment-related services and activities if the activities are undertaken to maximize the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity. Based on the Company's judgment, the income from the Johnson subsidiary does not represent a substantial source of income to Tricon; therefore, the Company continues to meet the definition of an investment entity. In determining whether the newly acquired interest in Johnson should be consolidated or measured at fair value, the Company assessed the nature of Johnson's business. Johnson is a development management company which provides a range of services, including activities such as arranging, supervising, administering and coordinating the preparation of feasibility and other studies, preparing recommendations for the development of projects, and managing, arranging, supervising and coordinating the acquisition, design, construction, development, financing and planning necessary to develop projects. Johnson acts solely as an agent for property owners and does not assume responsibility or liability for work performed by third parties. Management has determined that Johnson is a service entity under IFRS 10 and therefore Tricon consolidates the Johnson Companies LP. The valuation of the intangible assets also involves the use of significant judgment in determining the relevant inputs and which valuation model to use, including the judgment to exclude taxes from the valuation model based on the fact that from a market participant perspective, Johnson is a flow-through entity.

Similarly to Tricon American Homes, the Company raised capital to invest in US manufactured housing communities. The newly acquired Longhaven Estates is an investment under Tricon Lifestyle Communities, and is expected to generate rental revenue and capital appreciation. Based on the Company's judgment, Tricon continues to meet the definition of an investment entity and will measure its investment in Tricon Lifestyle Communities by FVTPL.

Fair value

The Company assesses, at each reporting date, whether there is any objective evidence that a financial instrument is impaired. The assessment of impairment of a financial instrument requires significant judgment, where management evaluates, among other factors, the duration and extent to which the carrying value or fair value of an investment is less than its cost, and the financial health, and short-term business outlook of the investee.

Income taxes

Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated balance sheets. Deferred income tax assets are recognized to the extent that the Company believes it is probable that the assets can be recovered when future taxable profit will be available against which the temporary differences can be utilized.

4. New Standards and Interpretations Not Yet Adopted

IFRS 9, "Financial Instruments" ("IFRS 9"), establishes principles for the reporting of financial assets and financial liabilities. The final version of IFRS 9 was issued in July 2014 and includes (i) a third measurement category for financial assets (fair value through other comprehensive income); (ii) a single, forward-looking "expected loss" impairment model; and (iii) a mandatory effective date of annual periods beginning on or after January 1, 2018.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), specifies how and when revenue should be recognized, in addition to requiring more informative and relevant disclosures. This standard supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and a number of revenue-related interpretations. IFRS 15 must be applied for periods beginning on or after January 1, 2017, with early application permitted.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the Company. The Company is currently reviewing these new standards to assess the impact they may have upon adoption.

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

5. Investments

Investments – Tricon Housing Partners are co-investments in funds and separate accounts and side-car investments managed by the Company. During the year ended December 31, 2014, the Company made three new investments: in Corona, California; Charlotte, North Carolina; and Phoenix, Arizona.

Investments – Tricon American Homes are investments in US single-family rental homes. The investments are managed through an integrated business platform responsible for the acquisition, renovation, and leasing of the homes.

Investments – Tricon Lifestyle Communities are investments in US manufactured housing communities that lease land to owners of pre-fabricated homes.

The Company makes these investments via loan advances and equity investments. The following is a summary of the composition of the Company's investments:

December 31, 2014	Internal debt instruments	Equity	Total investment
Investments –			
Tricon Housing Partners			
Canadian funds	$ –	$ 12,952	$ 12,952
US funds	–	315,364	315,364
Separate accounts and			
side-car Investments	16,080	23,422	39,502
	16,080	351,738	367,818
Investments –			
Tricon American Homes	–	399,269	399,269
Investments –			
Tricon Lifestyle Communities	–	4,926	4,926
Total	$ 16,080	$ 755,933	$ 772,013

December 31, 2013	Internal debt instruments	Equity	Total investment
Investments –			
Tricon Housing Partners			
Canadian funds	$ –	$ 6,670	$ 6,670
US funds		293,052	293,052
Separate accounts and			
side-car Investments	17,464	15,370	32,834
	17,464	315,092	332,556
Investments –			
Tricon American Homes	194,325	92,728	287,053
Investments –			
Tricon Lifestyle Communities	–	–	–
Total	$ 211,789	$ 407,820	$ 619,609

The underlying loan instruments within the Company's Tricon American Homes and Tricon Housing Partners investments are denominated in US dollars and bear interest at rates between 9.45% and 11.95%, compounded monthly.

The investment income for the year ended December 31, 2014 from Tricon Housing Partners, Tricon American Homes and Tricon Lifestyle Communities includes unrealized foreign exchange gains from the appreciation of the US dollar (1.16 as of December 31, 2014, and 1.064 as of December 31, 2013).

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

The following tables summarize the balances in the investment funds that are managed by Tricon:

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

As at December 31, 2013 (1) Investment	Currency	Tricon commitment	Unfunded commitment	Advances	Distributions	Investment at fair value (2)
THP1 US ("Tricon IX") (3)	US	$ 226,775	$ 19,120	$ 272,970	$ 21,736	$ 284,695
THP2 US ("Tricon XI")	US	25,000	18,124	6,876	–	8,388
Cross Creek Ranch	US	14,400	1,916	12,484	7,743	13,036
Camp Strake	US	8,750	1,606	6,469	879	7,112
Fulshear Farms	US	5,000	1,845	3,155	247	3,356
Vistancia West	US	55,000	46,697	8,303	990	9,299
Total US		**334,925**	**89,308**	**310,257**	**31,595**	**325,886**
THP3 Canada ("Tricon XII")	CA	20,000	12,988	7,012	–	6,670
Total CA		**20,000**	**12,988**	**7,012**	**–**	**6,670**
Total		**$ 354,925**	**$ 102,296**	**$ 317,269**	**$ 31,595**	**$ 332,556**

(1) All amounts shown in Fund or Separate Account currency noted.
(2) Investment at fair value column is in Canadian dollars and agrees with the balance sheet.
(3) US$226.8 million represents total fund commitment; purchase price of 68.4% interest was US$260.5 million.

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

The controlled subsidiaries which are not consolidated by the Company include:

Name	Type	Principal place of business	Country of incorporation	Ownership interest %	Voting rights %
Tricon Housing Partners US LP (formerly "Tricon IX LP")	Limited Partnership	USA	USA	68%	68%
Tricon Housing Partners Canada III Co-Investment Inc. (formerly "Tricon XII Co-Investment Inc.")	Holding Company	Canada	Canada	100%	100%
Tricon US Lender Inc. (formerly "CCR Texas Lender Inc.")	Holding Company	USA	Canada	100%	100%
Tricon Lender II Inc. (formerly "Vistancia West Lender Inc.")	Holding Company	USA	Canada	97%	100%
Tricon SF Home Rental Inc.	Holding Company	USA	Canada	100%	100%
Tricon American Homes LLC	Holding Company	USA	USA	100%	100%
Turnstone LA LP	Limited Partnership	USA	USA	97%	100%
Greater Phoenix SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Greater Sacramento SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
McKinley SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Southeast Florida Rental Housing LP	Limited Partnership	USA	USA	70%	50%/100% (1)
29 McKinley SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
SFRH Tampa LP	Limited Partnership	USA	USA	92%	100%
Castle Atlanta LP	Limited Partnership	USA	USA	100%	100%
TAH Operations LLC	Limited Partnership	USA	USA	58%	100%
TAH Asset Management LLC	Limited Partnership	USA	USA	58%	100%
TAH Property Holdings LP	Limited Partnership	USA	USA	100%	100%
Tricon Lifestyle Communities Inc. (formerly "Tricon Manufactured Housing Communities Inc.")	Holding Company	USA	Canada	100%	100%
Tricon Lifestyle Communities LLC (formerly "Tricon Manufactured Housing Communities LLC")	Holding Company	USA	USA	100%	100%
Tricon/COB Longhaven Phoenix LP	Limited Partnership	USA	USA	97%	100%

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

The Company sponsors the credit facility for TAH. This credit facility is secured by the single-family rental homes and has no financial recourse to the Company.

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

6. Fair Value Estimation

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

The following describes the categories within the fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

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

December 31, 2014	Total	Level 1	Level 2	Level 3
Recurring Measurements				
Financial assets				
Investments – Tricon Housing Partners				
Canadian funds	$ 12,952	$ –	$ –	$ 12,952
US funds	315,364	–	–	315,364
Separate accounts and side-car Investments	39,502	–	–	39,502
	367,818	–	–	367,818
Investments – Tricon American Homes	399,269	–	–	399,269
Investments – Tricon Lifestyle Communities	4,926	–	–	4,926
	772,013	**–**	**–**	**772,013**
Financial liabilities				
Derivative financial instruments (Note 10)	41,737	–	41,737	–

December 31, 2013	Total	Level 1	Level 2	Level 3
Recurring Measurements				
Financial assets				
Investments – Tricon Housing Partners				
Canadian funds	$ 6,670	$ –	$ –	$ 6,670
US funds	293,052	–	–	293,052
Separate accounts and side-car Investments	32,834	–	–	32,834
	332,556	–	–	332,556
Investments – Tricon American Homes	287,053	–	–	287,053
Investments – Tricon Lifestyle Communities	–	–	–	–
	619,609	**–**	**–**	**619,609**
Financial liabilities				
Derivative financial instruments (Note 10)	46,964	–	46,964	–

There have been no transfers between levels for the years ended December 31, 2014 and December 31, 2013.

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

Financial assets

Valuation methodologies

The Company's valuation committee is responsible for determining fair value measurements included in the financial statements, including Level 3 measurements, with the exception of the valuation of derivative financial instruments, which is performed by an independent valuation firm. The valuation processes and results are reviewed and approved by the Valuation Committee at least once every quarter, in line with the Company's quarterly reporting dates. Valuation results are discussed with the Audit Committee as part of its quarterly review of the Company's financial statements.

The Company used the following techniques to determine the fair value measurements included in the financial statements categorized in Level 3:

Investments – Tricon Housing Partners

Tricon establishes wholly-owned subsidiaries that invest in the limited partnerships as an LP. The investments are measured at fair value as determined by the Company's proportionate share of the fair value of each LP's net assets at each measurement date. The fair values of each LP's net assets are calculated by determining the fair values of the underlying projects using discounted cash flows, appraised values or share prices as reported on the appropriate stock exchange.

In addition to the investments in LPs, the Company invests in separate accounts and side-car investments with other third parties. Tricon's ownership interests in these investments are held through the Company's wholly-owned subsidiaries. The investments are measured at fair value as determined by the waterfall distribution calculations specified in the relevant limited partnership agreement. The inputs into the waterfall distribution calculations include the fair value of the land and working capital held by the limited partnerships. The fair value of the land is based on appraisals prepared by an external third-party valuator or on internal valuations.

A side-car is a co-investment vehicle under common sponsorship with a Tricon fund. Tricon's ownership interests in the side-car are held through the Company's wholly-owned subsidiaries. The side-car generally participates in larger investment opportunities provided by the fund sponsor or general partner. The measurement and valuation methodologies for side-cars are the same as the limited partnership investments.

Quantitative information about fair value measurements of the investments uses the following significant unobservable inputs (Level 3):

Description	Valuation technique(s)	Significant unobservable input
Debt investments	Discounted cash flow	a) Discount rate (1)
		b) Future cash flow
Equity investments		
Land and Homebuilding	Net asset value	a) Discount rate (2)
		b) Future cash flow
		c) Control premium/ discount, if any (3)
Separate accounts and side-car investments	Waterfall distribution model	Appraised value (4)

(1) The range of discount rates in the discounted cash flow model was from 10% to 12%.

(2) The range of discount rates in the discounted cash flow model was from 10% to 20%. Generally, an increase in future cash flow will result in an increase to the fair value of debt investments and fund equity investments. An increase in the discount rate will result in a decrease in fair value of the debt instruments and fund equity investments. The same percentage change in the discount rate will result in a greater change in fair value than the same absolute percentage change in future cash flow.

(3) As at December 31, 2014, there were no equity investments with Control Premium/Discounts, and only the THP1 US Co-Investment had a Control Premium.

(4) The Company obtained external valuations for four separate account equity investments for December 31, 2014 totaling $13,362. The investment team and finance team verified all major inputs to the valuation and reviewed the results with the independent valuator. For the remaining separate account investments totaling $10,060, the Company determined that the fair value approximates acquisition price since the properties were purchased close to year-end. The significant input within the appraised value is the value of land per acre.

Sensitivity

The effects on Investments – Tricon Housing Partners of a 1% change in the discount rates are as follows:

	December 31, 2014		December 31, 2013	
	1% increase	1% decrease	1% increase	1% decrease
Canadian funds	$ (299)	$ 312	$ (175)	$ 166
US funds	(2,543)	2,611	(2,373)	2,438
Separate accounts and side-car investments	(386)	401	(687)	714

Investments – TAH

All of the Company's investments in Investments – TAH limited partnerships are held through a wholly-owned subsidiary, Tricon SF Home Rental Inc., and are recorded at fair value. The fair value of the Company's investment in Tricon SF Home Rental Inc. is calculated based on Tricon's proportionate share of each entity's fair value of net assets. The fair value of the net assets of the various entities is based on a sum-of-the-parts approach, where assets and liabilities are measured at fair value individually.

Under the assumption that home values do not change materially in the short-term, and that the capital expenditures will not have a significant impact in the first three months of purchase, no valuation is performed for homes purchased after September 30, 2014. As a result, these homes will be recorded at their purchase price plus cost of capital expenditures. The remaining homes were valued at November 30, 2014. Management has assessed whether any market changes have occurred subsequent to the date of valuation and has determined that values were valid at December 31, 2014.

The Broker Price Opinion ("BPO") was used to determine the fair value of 53% of our investment in homes held before October 1, 2014. The homes were valued by independent brokers who hold active real estate licenses and have market experience in the locations and segments of the homes valued. The brokers value each home based on recent comparable sales and active comparable listings in the area, assuming the homes were all renovated to an average standard in their respective areas. The BPO retrieves information on the comparable properties from the Multiple Listing Service ("MLS") public database.

The remaining 47% of the investment properties have been valued using the Automated Valuation Model ("AVM"). The AVM uses public records data or tax assessment data to compile large databases of real estate information in each geographic area. This data includes historical sales information, individual property characteristics and specifications for each of the properties in the database. The AVM calculates estimates of value using the sales information and property specifications. Periodically, the AVM estimates of value are updated using current sales information to reflect changes in market conditions over time.

In addition to the investment generating rental income, a small percentage of the inventory is held for resale. These are select properties purchased opportunistically specifically for the purpose of being renovated and sold within six months. All inventory homes are valued under the AVM method.

The Company also takes into account the unrealized and realized carried interest payable to local operating partners as general partners to the limited partnerships, in determining the fair value of its investment. The carried interest amounts are based on waterfall distribution calculations specified in the relevant limited partnership agreement with each local operator and may result in the payment of a performance fee to the general partner once limited partners receive their capital and preferred return. The fair value of external debt is based on a discounted cash flow model at a market rate that the limited partnerships would have obtained for similar financing. Deferred income taxes are based on the enacted tax rates for future years, with fair value determined by discounting to the reporting period. Working capital of the limited partnerships approximates fair value.

Sensitivity

Tricon American Homes' debt facility operates on floating interest rate at the greater of (a) 4.1% or (b) 3-month LIBOR plus 3.6%. As a result, interest expenses will only be impacted when the 3-month LIBOR increases above 0.5%. The 3-month LIBOR has remained about 0.2% during 2014 (2013 – 0.3%). At December 31, 2014, if interest rates had been 10 basis points lower or higher, with all other variables held constant, the interest rate would remain at 4.1% as a result of the interest rate cap in place, and there would be no change in investment income – Tricon American Homes for 2014 or 2013.

The inputs to the BPO include the characteristics of the property being valued and recent prices for transactions involving similar properties in the same market. If the prices of single-family rental homes held by the TAH home limited partnerships were to increase or decrease by 1% (December 31, 2013 – 1%), the impact on investments – Tricon American Homes fair value would be $4,954 and ($4,954), respectively (December 31, 2013 – $4,505 and ($4,505)).

Investments – Tricon Lifestyle Communities ("TLC")

In April 2014, the Company announced a new strategic initiative focused on acquiring and managing existing manufactured housing communities across the Unites States. On August 27, 2014, Tricon acquired the first manufactured housing community, Longhaven Estates ("Longhaven") through Tricon Manufactured Housing Communities Inc. (Ontario), in which Tricon has a 97% ownership interest. This investment is held through wholly-owned subsidiaries that carry the investment at fair value. The fair value of the Company's investment is estimated based on the Company's proportionate share of the net assets of TLC limited partnership. The fair value of the net assets is based on a sum-of-the-parts approach, where assets and liabilities are measured at fair value individually.

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

The Company fair values the TLC asset using the discounted cash flows methodology. The fair value is determined based on, among other things, rental income from the current leases and assumptions about rental income from future leases such as increases in rental growth and occupancy, less future cash outflows in respect of such leases. Other factors included in the future cash flow estimate are the terminal value of the investment based on reliable estimates of the terminal year Net Operating Income ("NOI"), supported by the terms of existing leases and assumptions of future leases, and market capitalization rates of comparable precedent transactions near the balance sheet date.

Since all variables impacting fair value of the investment property, such as rental growth, expense inflation and the impact of capital expenditure, do not change significantly in the first 12 months after acquisition, the fair value will not be materially different from the acquisition price. Therefore, at December 31, 2014, the fair value of TLC equals the acquisition price. Key variables are monitored on a quarterly basis to determine if there may be a material change in fair value.

Sensitivity

Since the rate of interest on borrowings made by Tricon Lifestyle Communities is fixed, investment income – Tricon Lifestyle Communities for the year would not change due to interest rate fluctuation.

Continuity of investments

The following presents the movement in Level 3 instruments for the years ended December 31, 2014 and December 31, 2013:

	December 31, 2014	December 31, 2013
Opening balance	$ 619,609	$ 172,934
Acquisitions	66,737	426,588
Distributions/sales	(75,694)	(51,553)
Investment income	158,161	71,640
Deferred tax adjustment for TAH	3,200	–
Ending balance	**$ 772,013**	**$ 619,609**

The Level 3 instruments are made up as follows:

	December 31, 2014	December 31, 2013
Investments – Tricon Housing Partners	$ 367,818	$ 332,556
Investments – Tricon American Homes	399,269	287,053
Investments – Tricon Lifestyle Communities	4,926	–
Ending balance	**$ 772,013**	**$ 619,609**

The investment income includes an unrealized gain of $98,098 (2013 – $27,674) resulting from foreign exchange movements and fair value increases in investments.

Financial liabilities

Valuation methodologies

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

Quantitative information about fair value measurements using significant unobservable inputs (Level 2) is as follows:

	December 31, 2014		December 31, 2013	
	2012 Debenture	2013 Debenture	2012 Debenture	2013 Debenture
Risk-free rate (1)	1.52%	1.81%	1.89%	2.57%
Credit spread (2)	5.73%	5.99%	14.97%	6.31%
Stock price (3)	$ 8.72	$ 8.72	$ 7.71	$ 7.71
Implied volatility (4)	29.96%	29.91%	–	–
Historical volatility (5)	–	–	35.19%	35.19%
Dividend yield (6)	2.72%	3.05%	3.23%	3.57%

(1) Risk-free rates were from the CAD swap curves matching the terms to maturity of the debentures.
(2) Credit spreads were imputed from the traded price.
(3) Closing price of the stock as of the valuation date.
(4) Implied volatility was computed from the trading volatility of the Company's stock.
(5) Historical volatility was computed from the historical trading volatility of the Company's stock.
(6) Dividend yields were from the forecast dividend yields matching the terms to maturity of the debentures.

Cash, amounts receivable, amounts payable and accruals, dividends payable, interest payable, bank debt and debentures payable are measured at amortized cost, since their carrying values are a reasonable approximation of fair value due to their short-term nature.

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

7. Johnson Companies LP ("Johnson") Acquisition and Valuation

On April 15, 2014, the Company completed the acquisition of a 50.1% interest of Johnson, for consideration of US$18.5 million. Under IFRS 3, "Business Combinations" and IFRS 10, "Consolidated Financial Statements", the Company determined that it controls Johnson and its results are presented on a consolidated basis.

The following table summarizes the consideration paid for Johnson and the fair value of the assets acquired and liabilities assumed recognized at the acquisition date in both USD and CAD, using the April 15, 2014 noon exchange rate of 1.0981.

Consideration	USD	CAD
Cash	$ 18,518	$ 20,335
Total consideration	**18,518**	**20,335**
Non-controlling interest in Johnson	**18,444**	**20,254**
	36,962	**40,589**

Recognized amounts of identifiable assets acquired and liabilities assumed		
Percentage ownership	50.1%	50.1%
Amount to allocate	36,962	40,589
Cash	437	480
Amounts receivable and other assets	1,384	1,520
Prepaid expenses	42	46
Fixed assets	83	91
Intangible assets	36,380	39,950
Amounts payable and accrued expenses	(1,214)	(1,333)
Non-controlling interest share of net income	(366)	(402)
Total identifiable net assets	**36,746**	**40,352**
Goodwill	216	237
Total consideration	**$ 36,962**	**$ 40,589**

The fair value of the intangible assets consisted of three components: (1) management fees intangible, (2) development fees intangible and (3) customer relationship intangible. The values were determined by an independent valuator using the Income Approach. The management fee and lot development fee intangible assets relate to contracts with limited useful lives, and therefore are amortized over the expected life of the projects from which the fees are earned. The customer relationship intangible asset relates to expected future contracts with existing customers and is amortized over the assumed life of the asset.

The total amount of goodwill that is expected to be deducted for tax purposes is US$216.

The fair value of the amounts receivable at the acquisition date approximates the contractual amount of amounts receivable acquired. Management expects to collect all amounts receivable and as a result, no provision is recognized.

Non-controlling interest

The Non-Controlling Interest ("NCI") represents the 49.9% partnership interest of Johnson not held by the Company. The NCI is based on the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets at the acquisition date of April 15, 2014, and is adjusted at each reporting period to reflect Johnson's proportionate share of earnings. The NCI balance at December 31, 2014 was US$18,362 (CA$21,300). The book value approximates the fair value of the NCI. The NCI receives 49.9% of all distributions from the Johnson Companies LP that arise from its regular operations.

The income and expenses from Johnson for the period from April 15, 2014 to December 31, 2014 are included below. Had Johnson been consolidated from January 1, 2014, the consolidated statement of comprehensive income would show pro-forma revenue of US$12,631, and pro-forma net income of US$3,201.

	For the Period from April 15 to December 31, 2014
Contractual fees	$ 10,466
Total revenue	**10,466**
Salaries and benefits	3,402
General and administration expenses	357
Amortization	3,209
Transaction costs	229
Total expenses	**7,197**
Income before taxes	3,269
Tax expense (1)	801
Net income from Johnson	**$ 2,468**
Net income attributable to shareholders	1,236
Net income attributable to non-controlling interest	1,232

(1) Tax expense includes franchise taxes that are split with Johnson.

Non-controlling interest reconciliation

Net income from Johnson	$ 2,468
Tricon taxes	801
Net income from Johnson before taxes	**3,269**
Non-controlling interest at 49.9%	1,631
Average FX rate for the period from April 15 to December 31, 2014	1.105
Pre-adjustment NCI in CAD	1,802
Cumulative FX adjustments	25
NCI per statement of comprehensive income	**$ 1,827**

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

8. Debt

For the Year Ended	December 31, 2014	December 31, 2013
Revolving term credit facility	$ 54,293	$ 4,354
Convertible debentures	108,425	102,790
	$ 162,718	$ 107,144

Revolving term credit facility

On July 23, 2013, the Company entered into an amended and restated credit agreement with a syndicate of Canadian and US banks to provide a revolving term credit facility (the "Credit Facility") not to exceed US$45,000 or the equivalent amount in Canadian dollars. On April 29, 2014, the Company amended the Credit Facility increasing the total commitment to US$105,000 or the equivalent amount in Canadian dollars, and extending the term of the Credit Facility to April 29, 2018. The Company has provided a general security agreement creating a first priority security interest on the assets of the Company. During the year ended December 31, 2014, the minimum balance drawn on the Credit Facility was US$4,000, and the maximum amount drawn was US$46,800.

Advances under the Credit Facility are available by way of Prime, USBR and LIBOR loans as well as Banker's Acceptances. The applicable margin on advances is determined in reference to the senior funded debt-to-EBITDA ratio and is added to the applicable loan reference rate as follows: Prime and USBR loans range from 250 to 300 basis points ("bps") above the respective reference rate, LIBOR loans and Banker's Acceptances range from 350 to 400 bps above the respective reference rate. Standby fees ranging from 87.5 to 100 bps of the unutilized portion of the total commitment are payable, with reference to funded debt-to-EBITDA ratio, on a quarterly basis. The credit facility total interest expense incurred for the year ended December 31, 2014 amounted to $1,826 (2013 – $342).

The Credit Facility agreement requires the Company to maintain the following covenants: a funded debt-to-EBITDA ratio not to exceed 3.25:1; a minimum interest coverage ratio of 1.5:1; and a consolidated total funded debt-to-capital not to exceed 45%. As at December 31, 2014, the outstanding balance of the credit facility was US$46,800 (CA$54,293) and the Company was in compliance with the covenants of the Credit Facility.

Convertible debentures

July 2012 issuance

The Company issued 51,750 units of 6.375% convertible debentures at one thousand dollars per unit for a principal value of $51,750 on July 30, 2012 (the "July 2012 Debentures"). The debentures mature on August 31, 2017 at their outstanding principal value or can be converted into common shares of the Company at the holder's option at any time prior to the close of business on the earlier of maturity or redemption date at the conversion price of $6.00 or at a rate of 166.67 shares per one thousand dollars of debentures owned. The July 2012 Debentures were initially recorded on the consolidated balance sheets as debt of $51,750 less transaction costs of $2,751. In 2014, 75 units were converted for total debt of $51,675. In addition, the Company allocated $16,250 to the conversion and redemption feature on initial recognition, which was deducted from the principal balance and will be accreted to the principal amount of the debenture over its term. As at December 31, 2014, the outstanding principal amount is $51,675 (December 31, 2013 – $51,675).

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

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

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

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

February 2013 issuance

The Company issued 86,000 units of 5.6% convertible debentures at one thousand dollars per unit for a principal value of $86,000 on February 25, 2013 (the "February 2013 Debentures"). The debentures mature on March 31, 2020 at their outstanding principal value or can be converted into shares at the holder's option at any time prior to the close of business on the earlier of maturity or redemption date at the conversion price of $9.80 per share or at a rate of 102.04 shares per one thousand dollars of debentures owned. The February 2013 Debentures were initially recorded on the consolidated balance sheets as debt of $86,000 less costs of $3,539. In addition, the Company allocated $17,363 to the conversion and redemption feature on initial recognition, which was deducted from the principal balance and will be accreted to the principal amount of the debenture over its term. As at December 31, 2014, the outstanding principal amount was $86,000 (December 31, 2013 – $86,000).

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

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

The Company has an option to settle the redemption right by delivering the number of common shares determined by dividing the principal amount of the convertible debentures by 95% of the trading price on the fifth trading day preceding the date fixed for redemption or the maturity date. None of the convertible debentures have been converted as of December 31, 2014.

Debentures payable

The balances of the debt components of the convertible debentures recognized on the consolidated balance sheet were calculated as follows:

December 31, 2014	July 2012 Debenture	February 2013 Debenture	Total
Face value outstanding	$ 51,675	$ 86,000	$ 137,675
Less: Transaction costs	(1,589)	(3,258)	(4,847)
Liability component on initial recognition	50,086	82,742	132,828
Debentures discount (net of amortization)	(10,374)	(14,029)	(24,403)
Debentures payable	**$ 39,712**	**$ 68,713**	**$ 108,425**

December 31, 2013	July 2012 Debenture	February 2013 Debenture	Total
Face value of convertible debentures issued	$ 51,750	$ 86,000	$ 137,750
Less: Debentures converted	(75)	–	(75)
Face value outstanding	51,675	86,000	137,675
Less: Transaction costs (net of amortization)	(2,106)	(3,694)	(5,800)
Liability component on initial recognition	49,569	82,306	131,875
Debentures discount (net of amortization)	(13,131)	(15,954)	(29,085)
Debentures payable	**$ 36,438**	**$ 66,352**	**$ 102,790**

The above carrying values were recognized at amortized costs after discounting the future interest and principal payments using the effective interest rates. If the debt components of the debentures were recognized at fair value, then the balance appearing on the consolidated balance sheets would be $129,215 as of December 31, 2014 and $111,330 as of December 31, 2013. The difference between the amortized costs and implied fair value is a result of the effective interest rate versus market risk-free rate.

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

The face and weighted average interest rates are as follows:

	Face interest rates	Effective interest rates	Maturity dates	Debt amount As at December 31, 2014
Fixed Rate				
July 2012 Debentures	6.375%	7.66%	2017	$ 39,712
February 2013 Debentures	5.60%	6.46%	2020	68,713
Total fixed rate debt	**5.88%**	**6.90%**		**108,425**
Variable Rate				
Revolving term credit facility	3.75%	3.75%	2018	54,293
Total Debt	**5.17%**	**5.85%**		**$ 162,718**

The scheduled principal repayments and debt maturities are as follows:

	Revolving term credit facility	Convertible Debentures	Total
2015	$ –	$ –	$ –
2016	–	–	–
2017	–	51,675	51,675
2018	54,293	–	54,293
2019	–	–	–
2020 and thereafter	–	86,000	86,000
	54,293	137,675	191,968
Transaction costs (net of amortization)			(4,847)
Debenture discounts (net of amortization)			(24,403)
			$ 162,718

9. Amounts Payable and Accrued Liabilities

Payables and accruals consist of amounts payable and accruals, income taxes payable, and interest payable as follows:

December 31,	2014	2013
Accrued liabilities	$ 6,536	$ 8,818
Income taxes payable	12,065	2,512
Interest payable	2,634	2,333
Total	**$ 21,235**	**$ 13,663**

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

10. Derivative Financial Instruments

The conversion and redemption options of the convertible debentures are combined pursuant to IAS 39, "Financial Instruments: Recognition and Measurement", and are measured at fair value at each reporting period using model calibration. The fair value of the derivative financial instruments was $41,737 (2013 – $46,964) as of December 31, 2014 resulting in a gain on the derivative financial instruments of $5,227 (2013 – ($5,680) loss) for the year. Refer to Note 6 – Fair Value Estimation for details of quantitative information used as inputs in measuring the fair value of the conversion and redemption options.

December 31, 2014		July 2012 Debenture		February 2013 Debenture		Total
Derivative financial instruments – beginning of period	$	30,375	$	16,589	$	46,964
Fair value changes (based on market price)		(3,937)		(1,290)		(5,227)
Derivative financial instruments – end of period	**$**	**26,438**	**$**	**15,299**	**$**	**41,737**

December 31, 2013		July 2012 Debenture		February 2013 Debenture		Total
Derivative financial instruments – beginning of period	$	23,921	$	–	$	23,921
Derivative instrument value of debentures issued		–		17,363		17,363
Fair value changes (based on market price)		6,454		(774)		5,680
Derivative financial instruments – end of period	**$**	**30,375**	**$**	**16,589**	**$**	**46,964**

The conversion and redemption options available within both series of convertible debentures are reported at fair value on a quarterly basis. As at December 31, 2014, the fair value of the embedded derivative payable decreased to $41,737 as a result of an increase in the price of the Company's stock and decreases in term to maturity and volatility.

11. Income Taxes

For the Year Ended December 31,		2014		2013
Current income tax				
Current income tax expense on income for the year	$	(14,230)	$	(4,693)
Adjustments relating to prior years		(1,554)		(108)
		(15,784)		(4,801)
Deferred taxes				
Origination and reversal of temporary differences		(5,023)		(8,056)
Adjustments relating to prior years		–		(5)
		(5,023)		(8,061)
Income tax expense	**$**	**(20,807)**	**$**	**(12,862)**

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

For the Year Ended December 31,		2014		2013
Income before income taxes	$	131,210	$	48,935
Combined statutory federal and provincial income tax rate		26.50%		26.50%
Expected income tax recovery (expense)		(34,771)		(12,968)
Tax rate differential (foreign tax rates)		(741)		(726)
Tax effects of				
Permanent differences (1)		16,423		996
Adjustments relating to prior periods		(1,554)		(113)
Other		(164)		(51)
Income tax expense	**$**	**(20,807)**	**$**	**(12,862)**

(1) Permanent differences for 2014 are comprised of the following: (a) unrealized foreign exchange gains on conversion of consolidated subsidiaries that file income tax returns on a US dollar basis; and (b) the non-taxable portion of the unrealized gain recognized on the investment in Tricon American Homes.

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

The expected realization of deferred tax assets and deferred tax liabilities is as follows:

December 31,		2014		2013
Deferred tax assets				
Deferred tax asset to be recovered after more than 12 months	$	8,623	$	917
Deferred tax asset to be recovered within 12 months		–		1,048
Total deferred tax assets	**$**	**8,623**	**$**	**1,965**
Deferred tax liabilities				
Deferred tax liabilities reversing after more than 12 months	$	17,193	$	1,651
Deferred tax liabilities reversing within 12 months		–		661
Total deferred tax liabilities	**$**	**17,193**	**$**	**2,312**

The movement of the deferred tax accounts was as follows:

Difference between deferred tax assets and deferred tax liabilities:				
Opening balance, January 1, 2014	$	(347)	$	4,001
Charge to the Statement of Comprehensive Income		(5,023)		(8,061)
Other		(3,200)		3,713
Closing balance, December 31, 2014	**$**	**(8,570)**	**$**	**(347)**

The tax effects of the significant components of temporary differences giving rise to the Company's future income tax assets and liabilities were as follows:

	Issuance costs	Long-term incentive plan accrual	Net operating losses	Investments	Debentures	Other	Total
Deferred tax assets							
At January 1, 2013	$ 2,123	$ 2,649	$ –	$ –	$ 948	$ (54)	$ 5,666
Addition/(reversal)	2,312	172	394	(5,911)	(1,180)	512	(3,701)
At December 31, 2013	4,435	2,821	394	(5,911)	(232)	458	1,965
Addition/(reversal)	(1,430)	2,696	(293)	5,911	232	(458)	6,658
At December 31, 2014	**$ 3,005**	**$ 5,517**	**$ 101**	**$ –**	**$ –**	**$ –**	**$ 8,623**

	Issuance costs	Long-term incentive plan accrual	Net operating losses	Investments	Debentures	Deferred placement fees	Other	Total
Deferred tax liabilities								
At January 1, 2013	$ –	$ –	$ –	$ 960	$ –	$ 706	$ –	$ 1,666
Addition/(reversal)	–	–	–	(35)	–	656	25	646
At December 31, 2013	–	–	–	925	–	1,362	25	2,312
Reclassification	(4,435)	(2,821)	(394)	5,911	232	–	(91)	(1,598)
Addition/(reversal)	4,435	2,821	394	8,609	111	(28)	137	16,479
At December 31, 2014	**$ –**	**$ –**	**$ –**	**$ 15,445**	**$ 343**	**$ 1,334**	**$ 71**	**$ 17,193**

Tricon believes it will have sufficient future revenue to realize the future tax assets.

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

12. Intangible Assets

There were no impairments to placement fees and rights to performance fees in the years ended December 31, 2014 and December 31, 2013. The intangible assets are comprised as follows:

	December 31, 2014	December 31, 2013
Placement fees	$ 3,680	$ 4,030
Rights to performance fees	330	411
Customer relationship intangible	7,759	–
Contractual development fees	30,740	–
	$ 42,509	**$ 4,441**

	Placement fees	Rights to performance fees	Contractual development fees	Customer relationship intangible	Total
2014					
Opening – January 1, 2014	$ 4,031	$ 410	$ –	$ –	$ 4,441
Additions	273	–	34,445	7,759	42,477
Amortization expense	(624)	(80)	(3,705)	–	(4,409)
December 31, 2014	**$ 3,680**	**$ 330**	**$ 30,740**	**$ 7,759**	**$ 42,509**
December 31, 2014					
Cost	12,306	707	34,445	7,759	55,217
Accumulated amortization	(8,626)	(377)	(3,705)	–	(12,708)
December 31, 2014	**$ 3,680**	**$ 330**	**$ 30,740**	**$ 7,759**	**$ 42,509**
2013					
Opening – January 1, 2013	1,950	491	–	–	2,441
Additions	2,671	–	–	–	2,671
Amortization expense	(590)	(81)	–	–	(671)
December 31, 2013	**$ 4,031**	**$ 410**	**$ –**	**$ –**	**$ 4,441**
Cost	12,033	707	–	–	12,740
Accumulated amortization	(8,002)	(297)	–	–	(8,299)
December 31, 2013	**$ 4,031**	**$ 410**	**$ –**	**$ –**	**$ 4,441**

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

13. Other Assets

For the Year Ended December 31,		2014		2013
Office equipment	$	288	$	187
Leasehold improvements		343		283
Goodwill		251		–
	$	**882**	**$**	**470**

There were no impairment charges in the years ended December 31, 2014 and December 31, 2013.

14. Dividends

Date of declaration	Record date	Payment date		Dividend amount per common share	Common shares outstanding		Dividend amount
2014							
March 5, 2014	March 31, 2014	April 15, 2014	$	0.06	90,513,609	$	5,431
May 12, 2014	June 30, 2014	July 15, 2014	$	0.06	90,546,289	$	5,433
August 13, 2014	September 30, 2014	October 15, 2014	$	0.06	90,734,794	$	5,444
November 11, 2014	December 31, 2014	January 15, 2015	$	0.06	90,192,448	$	5,412
						$	**21,720** (1)
2013							
March 12, 2013	March 31, 2013	April 15, 2013	$	0.06	41,754,244	$	2,505
May 8, 2013	June 30, 2013	July 15, 2013	$	0.06	41,768,705	$	2,506
August 13, 2013	September 30, 2013	October 15, 2013	$	0.06	90,146,865	$	5,409
November 12, 2013	December 31, 2013	January 15, 2014	$	0.06	90,276,953	$	5,417
						$	**15,837**

(1) Total of $21,720 payment includes $18,979 in cash and $2,741 in DRIP.

On November 20, 2012, the Company implemented a Dividend Reinvestment Plan (“DRIP”) under which eligible shareholders of the Company may elect to have all or part of their cash dividend automatically reinvested into additional common shares. These additional shares are issued from treasury (or purchased on the open market) on the applicable dividend payment date and are priced at 95% of the average market price, calculated as the volume weighted trading price of the Company’s common shares on the TSX over the five business days immediately preceding the dividend payment date. If common shares are purchased in the open market, they are priced at the average weighted cost of the Company’s common shares on the TSX over the five business days following the dividend payment date.

Brokerage, commissions and service fees are not charged to shareholders for purchases or withdrawals of the Company’s shares under the DRIP, and all DRIP administrative costs are assumed by the Company.

As of December 31, 2014, 373,058 common shares were issued under the DRIP (143,616 in 2013) for a total amount of $2,741 ($955 in 2013).

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

15. Share Capital

Particulars	Number of shares issued		Share capital
As at January 1, 2013	**41,752,849**	**$**	**164,614**
Shares issued under DRIP	143,616		955
Conversion of debenture	12,500		75
Bought deal offering [(1)]	39,272,500		233,599
Private placement buyout [(2)]	9,106,388		56,005
Normal course issuer bid (NCIB)	(10,900)		(57)
As at December 31, 2013	**90,276,953**	**$**	**455,191**
Shares issued under DRIP [(3)]	373,058	$	2,741
Stock options exercised [(4)]	84,276		591
Shares issued for phantom units vested [(5)]	192,361		1,483
NCIB [(6)]	(734,200)		(3,858)
As at December 31, 2014	**90,192,448**	**$**	**456,148**

(1) On August 13, 2013, the Company issued 39,272,500 common shares under a bought deal agreement at $6.15 per share for gross proceeds of $241,526 resulting in net proceeds from the offering of approximately $233,503. The net proceeds from the offering were primarily used to fund a portion of the acquisition of a 68.4% limited partnership interest in THP1 US.

(2) On August 13, 2013, 9,106,388 common shares were issued to limited partners of THP1 US at $6.15 per share as partial consideration for their interest.

(3) On the 15th of the first month of each quarter, common shares were issued under the DRIP. For 2014, the total common shares issued was 373,058 at an average price of $7.35 per share.

(4) During 2014, a total of 84,276 shares were issued for stock options vested and exercised at an average price of $7.01 per share.

(5) During 2014, a total of 192,361 shares were issued for phantom units vested at an average price of $7.71 per share.

(6) During 2014, the Company acquired and cancelled a total of 734,200 common shares at an average cost of $5.25 for a reduction in Share Capital of $3,858. The average purchase price of the shares was $7.66. The difference between the cost and the purchase price was charged to contributed surplus.

The Company can issue an unlimited number of common shares and an unlimited number of redeemable and retractable Class A, B and C shares. The common shares of the Company do not have par value.

As of December 31, 2014, the Company had 90,192,448 common shares outstanding (December 31, 2013 – 90,276,953).

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

16. Compensation Arrangements

The breakdown of the annual incentive plan ("AIP") and long-term incentive plan ("LTIP") related to various compensation arrangements is as follows:

For the Year Ended	December 31, 2014 AIP	December 31, 2014 LTIP	December 31, 2013 AIP	December 31, 2013 LTIP
Cash	$ 3,058	$ 8,036	$ 2,548	$ 749
Phantom units	109	447	1,015	3,593
Deferred share units ("DSUs")	2,039	2,670	1,673	995
Stock options	–	1,050	–	538
Total compensation expense	$ 5,206	$12,203	$ 5,236	$ 5,875

The changes to transactions of the various cash-settled and equity-settled arrangements during the year ended December 31, 2014 are detailed in the sections below.

Cash settled

AIP – For the year ended December 31, 2014, the Company accrued $5,097 in relation to the AIP of which 60%, being $3,058, will be paid in cash in February 2015 and the balance paid in DSUs which will vest in one year from the grant date.

LTIP – A liability for cash-settled LTIP awards is accrued based on expected performance fees that would be generated from the fair value of the assets within each fund or separate account but disbursed only when such performance fees are earned and recognized as revenue.

For the year ended December 31, 2014, the Company accrued $8,036 in LTIP expense relating to expected performance fees from commingled funds (excluding THP1 US) and separate accounts/side-car investments that will be paid over pre-established vesting periods specific to each commingled fund or separate account/side-car commencing on the anniversary date of the award.

Phantom unit plan ("PUP")

AIP – For the year ended December 31, 2014, $109 of expense was recognized in relation to the phantom units granted in the first quarter of 2013. No additional phantom units were granted during the year ended December 31, 2014. On February 15 and March 15, 2014, 161,540 phantom units granted in 2013 were exercised net of taxes required to be withheld under the terms of the PUP.

LTIP – On August 13, 2013, as a result of the crystallization of performance fees from the acquisition of the Company's 68.4% interest in THP1 US limited partnership, 584,252 phantom units were granted on a fully vested basis and held in escrow to be released over three years on the anniversary date of the transaction. The Company estimated that 30% of the benefit value will be settled in cash to satisfy tax withholding requirements and accordingly this cash-settled component is fair valued at each reporting period and resulted in $447 expense for the year ended December 31, 2014. On August 13, 2014, 194,744 phantom units were released and issued net of tax thereby reducing the outstanding phantom units to 389,508 as of December 31, 2014. The remaining vested phantom units will be released on August 13, 2015 and 2016.

Deferred share units

AIP – For the year ended December 31, 2014, the Company accrued $2,039 in AIP expense representing 40% of the 2014 AIP entitlement which will be granted in DSUs in February 2015 and will vest over one year. On February 14, 2014, 190,999 DSUs were granted at $7.90 per unit in settlement of the 2013 AIP entitlement. The fair value of the DSUs on the grant date was $1,509 and will vest on February 14, 2015.

LTIP – For the year ended December 31, 2014, the Company accrued $2,670 in LTIP expense relating to investment income from THP1 US that will be paid in DSUs equally over a five-year vesting period commencing on the anniversary date of each grant. Compensation expense related to the grants is recognized on a graded vesting basis and for 2014 is comprised of $1,582 relating to the current year entitlement and $988 relating to the 2013 entitlement. On February 14, 2014, 405,850 DSUs were granted at $7.90 per unit under the 2013 DSU plan and will vest equally from 2015 to 2019.

Stock option plan

The Company did not grant any stock options during the year ended December 31, 2014. During the year ended December 31, 2014, 87,500 stock options expired and 352,500 options were exercised at various exercise prices between $4.16 and $7.74 per share. As of December 31, 2014, there were 2,101,500 stock options outstanding at an average exercise price per share of $6.45.

AIP liability continuity

December 31,	2014	2013
Opening balance – beginning of period	$ 5,276	$ 1,392
Cash payments	(4,460)	(1,352)
AIP – cash accrual	3,058	2,532
Phantom units	(1,015)	1,015
AIP – DSUs	2,039	1,689
Closing balance – end of period	$ 4,898	$ 5,276

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

AIP liability is shown included under the following balance sheet headings:

Balance sheet

December 31,		2014		2013
Amounts payable and accruals	$	2,486	$	4,588
Contributed surplus		2,412		688
	$	4,898	$	5,276

LTIP liability continuity

December 31,		2014		2013
Opening balance – beginning of period	$	17,148	$	11,371
Cash payments		–		(85)
Cash settled		8,036		736
Phantom units		(897)		3,593
DSUs		2,527		995
Stock options		480		538
Closing balance – end of period	$	**27,294**	$	**17,148**

LTIP liability is shown included under the following balance sheet headings:

Balance sheet

December 31,		2014		2013
LTIP	$	20,713	$	10,646
Amounts payable		–		1,078
Equity – contributed surplus		6,581		5,424
Closing balance – end of period	$	**27,294**	$	**17,148**

Key management compensation

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

For the Year Ended December 31,		2014		2013
Salaries, benefits	$	1,681	$	1,845
Cash – AIP		1,250		1,286
Total salary and benefits		**2,931**		**3,131**
Phantom Units – AIP		56		464
DSUs – AIP		871		857
Total AIP		**927**		**1,321**
Phantom Units – LTIP		150		2,156
DSUs – LTIP		1,379		597
Stock options		231		218
Estimated LTIP		4,137		335
Total LTIP	$	**5,897**	$	**3,306**
Total key management compensation	$	**9,755**	$	**7,758**

17. Directors' Fees

For the Year Ended December 31,		2014		2013
Directors' fees – cash	$	278	$	241
Directors' fees – mandatory DSUs		90		–
Directors' fees – optional DSUs		76		92
Total directors' fees	$	**444**	$	**333**

Cash

Independent directors receive 50% of their annual retainer in cash and the expense is recognized in the period when service is provided.

Optional deferred share unit plan

Directors can elect to receive DSUs in lieu of a cash payment ("Optional DSUs"). The Optional DSUs vest immediately on the grant date.

Mandatory deferred share unit plan

Beginning in 2014, 50% of the retainer fees paid to directors are mandatorily settled in DSUs, which shall vest on the third anniversary of the date such DSUs are granted.

18. General and Administration

For the Year Ended December 31,		2014		2013
Office expenses	$	1,026	$	762
Johnson		209		–
U.S. office relocation		42		135
Public company expenses		533		340
Rent		245		154
Travel		598		275
IT system expenses		122		–
Other		411		–
	$	**3,186**	$	**1,666**

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

19. Income Per Share

Basic

Basic income per share is calculated by dividing net income by the weighted average number of shares outstanding and vested phantom units during the year.

For the Year Ended December 31,	2014	2013
Net income	$ 110,403	$ 36,073
Weighted average number of common shares outstanding	90,523,330	60,377,812
Directors' DSUs	25,132	–
Vested phantom units	272,655	156,867
Weighted average number of common shares outstanding for basic earnings per share	90,821,117	60,534,679
Basic net income per share	**$ 1.22**	**$ 0.60**

Diluted

Diluted income per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares. The Company has four categories of potential dilutive shares: stock options, phantom units, deferred share unit plan (see Note 16) and the convertible debentures (see Note 8). For the stock compensation, a calculation was done to determine the number of shares that could have been acquired at fair value (determined using the market price of the Company's shares as of December 31, 2014) based on the monetary value of the stock compensation arrangements. The number of shares calculated as described above is comparable to the number of shares that would have been issued assuming the execution of the stock compensation arrangements.

Stock compensation

As at December 31, 2014, the Company's stock compensation plans resulted in 539,175 dilutive share units (December 31, 2013 – 837,910) as the exercise price of the potential share units is below the average market share price of $8.73 for the year.

Convertible debentures

As of December 31, 2014, the Company's convertible debentures are dilutive (December 31, 2013 – not dilutive) because the interest, net of tax, and the change in fair value of financial instruments through profit and loss per ordinary share obtainable on conversion, exceeds basic earnings per share.

For the Year Ended December 31,	2014	2013
Net income	$ 110,403	$ 36,073
Adjustment for convertible debenture interest expense	10,106	–
Changes in fair value for financial instruments through profit or loss (net of tax)	(5,228)	–
Adjusted net income (loss)	115,281	36,073
Weighted average number of common shares outstanding	90,821,117	60,534,679
Adjustments for stock compensation and debentures	18,935,648	837,910
Weighted average number of common shares outstanding for diluted earnings per share	109,756,765	61,372,589
Diluted earnings per share	**$ 1.05**	**$ 0.59**

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

20. Segmented Information

Management has determined the operating segments based on the reports reviewed by the CEO in making strategic decisions. The main segments of the Company are: Private Funds and Advisory; and Principal Investing in Tricon Housing Partners ("THP"), Tricon American Homes ("TAH") and Tricon Lifestyle Communities ("TLC"). The Company evaluates segment performance based on net income less interest expense, amortization, and income taxes and adjustments for certain unrealized and non-recurring items.

The segmented income statement information is as follows:

For the Year Ended December 31, 2014	Private funds and advisory	TAH	THP	TLC	Corporate	Total
Revenue	$ 28,990	$ –	$ –	$ –	$ 42	$ 29,032
Investment income	–	85,596	72,197	368	–	158,161
	28,990	85,596	72,197	368	42	187,193
Expenses	22,973	39,242	16,137	463	(2,024)	76,790
Net Income	**$ 6,017**	**$ 46,354**	**$ 56,060**	**$ (95)**	**$ 2,066**	**$ 110,403**

For the Year Ended December 31, 2013	Private funds and advisory	TAH	THP	TLC	Corporate	Total
Revenue	$ 19,400	$ –	$ –	$ –	$ 195	$ 19,595
Investment income	–	37,158	34,482	–	–	71,640
	19,400	37,158	34,482	–	195	91,235
Expenses	5,852	23,939	25,176	–	195	55,162
Net Income	**$ 13,548**	**$ 13,219**	**$ 9,306**	**$ –**	**$ –**	**$ 36,073**

The balance sheet statement information is as follows:

December 31, 2014	Private funds and advisory	TAH	THP	TLC	Corporate	Total
Canada	$ 13,370	$ –	$ 17,318	$ –	$ 3,922	$ 34,610
United States	42,921	399,269	355,805	4,926	–	802,921
Total Assets	**$ 56,291**	**$ 399,269**	**$ 373,123**	**$ 4,926**	**$ 3,922**	**$ 837,531**
Canada	$ 30,868	$ 161,196	$ 8,217	$ –	$ 20,710	$ 220,991
United States	17,969	7,541	22,506	–	–	48,016
Total Liabilities	**$ 48,837**	**$ 168,737**	**$ 30,723**	**$ –**	**$ 20,710**	**$ 269,007**

December 31, 2013	Private funds and advisory	TAH	THP	TLC	Corporate	Total
Canada	$ 11,589	$ 3,621	$ 308	$ –	$ 7,972	$ 23,490
United States	2,700	287,287	329,466	–	–	619,453
Total Assets	**$ 14,289**	**$ 290,908**	**$ 329,774**	**$ –**	**$ 7,972**	**$ 642,943**
Canada	$ 13,227	$ 156,441	$ 3,690	$ –	$ 10,771	$ 184,129
United States	2,017	–	–	–	–	2,017
Total Liabilities	**$ 15,244**	**$ 156,441**	**$ 3,690**	**$ –**	**$ 10,771**	**$ 186,146**

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

21. Related Party Transactions and Balances

The Company has a 10-year sub-lease commitment on the head office premises with Mandukwe Inc., a company owned and controlled by a current director of Tricon. During the year ended December 31, 2014, the Company paid $105 in rental payments to Mandukwe, including maintenance and utility costs (2013 – $88).

Transactions with related parties

The following table summarizes revenue earned from related parties including consolidated subsidiaries. These are contractual arrangements from investment funds managed by the Company, of which the Company is the general partner of the investment. In addition, the table includes investment income from related entities fair valued by the Company.

For the Year Ended December 31,	2014	2013
Contractual fees	$ 26,971	$ 15,139
General partner distributions	1,897	2,959
Performance fees	42	195
Interest income	122	1,302
Total revenue	**$ 29,032**	**$ 19,595**
Investment income (loss) – Tricon Housing Partners	$ 72,197	$ 34,482
Investment income (loss) – Tricon American Homes	85,596	37,158
Investment income (loss) – Tricon Lifestyle Communities	368	–
Total investment income	**$ 158,161**	**$ 71,640**

Balances arising from transactions with related parties

The items set out below are not necessarily set out in the various line items comprising the Company's financial statements.

December 31,	2014	2013
Receivables from related parties included in amounts receivable		
Contractual fees receivable from investment funds managed	$ 671	$ 523
Other receivables	850	804
Employee relocation housing loans (1)	935	–
Loan receivables from investment in associates and joint ventures	16,080	17,464
Loan receivables from investment in non-consolidated subsidiaries (2)	–	194,325
Long-term incentive plan (current and non-current portion)	20,713	10,646
Annual Incentive Plan	5,206	4,222
Phantom units – cash liability (3)	–	1,405
Dividends payable to employees and associated corporations	412	418
Other payables to related parties included in amounts payable and accruals	249	491

(1) The employee relocation housing loans are non-interest bearing for a term of 5 years.
(2) Reclassified to equity. The debt was restructured on October 1, 2014, and was transferred to equity.
(3) Phantom units liability is reclassified in long-term incentive plan current and non-current portions.

Revenues and receivables from related parties relate to general partnership distributions and contractual and performance fees for services provided by the Company. The receivables are unsecured and non-interest bearing. There are no provisions recorded against receivables from related parties at December 31, 2014 (December 31, 2013 – $nil).

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

22. Financial Risk Management

The Company's activities expose it to certain financial risks during or at the end of the reporting period as described below. The risk management function within the Company is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk and investing excess liquidity. Key financial risk management reports are produced frequently and provided to the key management personnel of the Company.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in debt instruments, the fair values of which vary depending on market interest rates. At December 31, 2014, if interest rates at that date had been 10 basis points higher or lower with all other variables held constant, interest expense for the year would have been:

	December 31, 2014		December 31, 2013	
	10 bps increase	10 bps decrease	10 bps increase	10 bps decrease
Interest expense	$ 171	$ (171)	$ 100	$ (100)

Net income is more sensitive to interest rate decreases than increases because of borrowings with capped interest rates. The sensitivity is higher in 2014 than in 2013 because of an increase in outstanding borrowings as a result of the Company drawing on its revolving credit facility in 2014.

Interest rate risk arises from the Company's financing arrangements (Note 10). Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company does not have borrowings at fixed rates and therefore has no significant exposure to fair value interest rate risk.

Foreign currency risk

The Company has exposure to monetary and non-monetary foreign currency risk due to the effects of changes in foreign exchange rates related to consolidated US subsidiaries, investments in Tricon American Homes, Tricon Housing Partners, Tricon Lifestyle Communities, and cash in US dollars held at the corporate level. A 1% increase or decrease (December 31, 2013 – 1%) in the US dollar exchange rate would result in the following impacts to assets and liabilities:

Potential impact of foreign currency fluctuation

	December 31, 2014	
	1% increase	1% decrease
Assets		
Investments – Tricon Housing Partners		
US funds	$ 3,154	$ (3,154)
Separate accounts and side-car investments	395	(395)
Investments – Tricon American Homes	3,993	(3,993)
Investments – Tricon Lifestyle Communities	49	(49)
	7,591	(7,591)
Liabilities		
Revolving term credit facility	543	(543)

	December 31, 2013	
	1% increase	1% decrease
Assets		
Investments – Tricon Housing Partners		
US funds	$ 2,687	$ (2,687)
Separate accounts and side-car investments	301	(301)
Investments – Tricon American Homes	2,632	(2,632)
	5,620	(5,620)
Liabilities		
Revolving term credit facility	44	(44)

The Company manages foreign currency risk by borrowing in US dollars and by matching its principal cash outflows to the currency in which the principal cash inflows are denominated.

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

Credit risk

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

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

At December 31, 2014, the Company's maximum exposure to credit risk was $16,080 (December 31, 2013 – $211,789). Through the equity portion of its investments, the Company is also indirectly exposed to credit risk arising on loans advanced by investees to individual real estate development projects.

Liquidity risk

Liquidity risk is the risk that an entity will have difficulty in paying its financial liabilities as they fall due or can only do so on terms that are materially disadvantageous. Prudent liquidity risk management implies maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities. The Company uses long-term borrowings to finance its investment strategy for Tricon American Homes. Periodic cash flow forecasts are performed to ensure the Company has sufficient cash to meet operational and financing costs. Liquidity risk from the convertible debentures is mitigated at the Company's option, under the terms of the debentures, to settle the obligation with shares.

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

As at December 31, 2014	Demand and less than 1 year	From 1 to 3 years	From 3 to 5 years	Later than 5 years	Total
Liabilities					
Amounts payable and accruals	$ 6,536	$ –	$ –	$ –	$ 6,536
Dividend payable	5,412	–	–	–	5,412
Interest payable	2,634	15,127	9,632	1,197	28,590
Bank debt	54,293	–	–	–	54,293
Debentures payable	–	–	51,675	86,000	137,675
	$ 68,875	**$ 15,127**	**$ 61,307**	**$ 87,197**	**$ 232,506**

As at December 31, 2014, the Company had a working capital deficit of $67,436 (December 31, 2013 – $6,976). The Company increased its use of the corporate credit facility and as of December 31, 2014, the outstanding bank debt was $$54,293 (December 31, 2013 – $4,354). The credit facility was used to finance investment activities during the period. The details of the net current liabilities are shown below:

December 31,	2014	2013
Cash	$ 5,731	$ 13,122
Amounts receivable	6,401	2,920
Prepaid expenses and deposits	1,372	416
Current assets	13,504	16,458
Amounts payable and accruals	21,235	13,663
Dividends payable	5,412	5,417
Net current assets (liabilities) before undernoted	(13,143)	(2,622)
Bank debt	54,293	4,354
Net current liabilities	**$ 67,436**	**$ 6,976**

Management estimates that the Company will receive sufficient cash flow from the Tricon Housing Partners and Tricon American Homes businesses to enable repayment of the bank debt. During the year ended December 31, 2014, the Company received distributions of $75,694 from these investments.

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

Concentration risk

Concentration risk arises as a result of the potential concentration of exposures, by country, geographical location, product type, industry sector or counterparty type. The following is a summary of the Company's concentration risk, based on the composition of the fair value of its investments – Tricon Housing Partners, Tricon American Homes, and Tricon Lifestyle Communities balances:

Province/State	December 31, 2014	December 31, 2013
Canada		
British Columbia	$ 4,650	$ 3,003
Alberta	3,000	–
Ontario	5,302	3,668
USA		
California	309,309	285,523
Arizona	100,553	96,797
Florida	101,495	72,800
North Carolina	58,199	52,548
Georgia	83,506	41,992
Nevada	55,898	34,669
Texas	50,101	28,609
	$ 772,013	$ 619,609

23. Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's capital consists of debt, including bank debt, convertible debentures, demand credit facility and shareholders' equity. In order to maintain or adjust the capital structure, the Company manages equity as capital and may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

As of December 31, 2014, the Company is in compliance with all bank covenants.

24. Lease Commitments

The Company has three lease commitments on office premises. The lease on office premises located at 1067 Yonge Street is with Mandukwe Inc., a related party (see Note 21). The Company also leases office equipment. The future minimum payments are as follows:

Lease	2015	2016	2017	2018	2019	Total
Office equipment	$ 27	$ 19	$ 17	$ 9	$ 4	$ 76
Office leases	191	194	194	194	69	842
	$ 218	$ 213	$ 211	$ 203	$ 73	$ 918

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

25. Working Capital

For the Year Ended December 31,	2014	2013
Changes in non-cash working capital items		
Amounts receivable	$ (2,211)	$ (2,178)
Prepaid expenses and other assets	(865)	(114)
Amounts payable and accruals	(4,194)	2,978
Interest payable	518	(6,449)
Income taxes payable	7,871	2,146
	$ 1,119	**$ (3,617)**

26. Indemnification

Pursuant to Indemnification Agreements with certain General Partners of Limited Partnerships managed by the Company and certain shareholders of the Company (who are also officers and directors of the Company), the Company has agreed to indemnify the General Partner and those shareholders and, where applicable, any of their directors, officers, agents and employees (collectively, the Indemnified Parties) for any past, present or future amounts paid or payable by any of the Indemnified Parties to the Limited Partnership in the form of a capital contribution or clawback guarantee relating to performance fees for any claim or obligation, as set out in the Limited Partnership Agreements. There are no amounts payable in respect of this indemnification as of December 31, 2014 (December 31, 2013 – $nil).

27. Variability of Results

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

28. Subsequent Events

Effective January 1, 2015, Tricon and its consolidated entities changed the functional and presentation currency to US dollars given the increasing prevalence of US dollar-denominated activities in the Company over time. As of December 31, 2014, 98% of Tricon's investments were in the United States. The change in functional currency will remove most of the impact created by foreign exchange fluctuations in the financial statements.

On January 15, 2015, recipients of dividends elected to receive 91,947 shares under the Dividend Reinvestment Plan ("DRIP") for a total amount of $800.

On March 2, 2015, the Company announced an increase to the existing corporate credit facility from $105 million to $175 million with a $25 million accordion feature, with similar terms as the prior agreement. The new credit facility, financed jointly by the Royal Bank of Canada, JPMorgan Chase Bank, The Toronto-Dominion Bank, Raymond James Bank, Bank of Montreal, National Bank of Canada, Canadian Western Bank, Laurentian Bank of Canada and Alberta Treasury Branches, is scheduled to mature in April 2018.

On March 10, 2015, the Company declared a dividend of six cents per share payable on April 15, 2015 to shareholders of record on March 31, 2015 for a total dividend payable of $5,426, following approval from the Board of Directors.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Duff Scott
Lead Director and Chair of Compensation, Nominating and Corporate Governance Committee
Independent Director

J. Michael Knowlton
Chair of Audit Committee
Independent Director

Aida Tammer
Independent Director

Peter Sacks
Independent Director

David Berman
Executive Chairman and Co-Founder

Geoff Matus
Director and Co-Founder

Gary Berman
President and Chief Executive Officer

SHAREHOLDER INFORMATION

Exchange and Symbol:
TSX: TCN

Corporate Head Office
1067 Yonge Street
Toronto, ON M4W 2L2

Auditors
PricewaterhouseCoopers LLP
Toronto, Ontario

Legal Counsel
Goodmans LLP
Toronto, Ontario

Transfer Agent
TMX Equity Transfer Services
200 University Avenue, Suite 400
Toronto, ON M5H 4H1
1-866-393-4891
www.tmxequitytransferservices.com

Investor Relations Contacts
Gary Berman
President and Chief Executive Officer
416-928-4122

Wissam Francis
Executive Vice President
Corporate Finance
416-323-2484

Website
www.triconcapital.com

ANNUAL AND SPECIAL SHAREHOLDERS MEETING

May 20, 2015 at 10:00 a.m. ET
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Tricon Capital Group Inc.
1067 Yonge Street
Toronto, Ontario M4W 2L2
Tel: 416-925-7228
Fax: 416-925-5022
info@triconcapital.com

www.triconcapital.com