MANAGEMENT'S DISCUSSION AND ANALYSIS

for the three months ended March 31, 2021

TRICON RESIDENTIAL

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NON-IFRS MEASURES AND FORWARD-LOOKING STATEMENTS

The Company has included herein certain supplemental measures of key performance, including, but not limited to, net operating income ("NOI"), funds from operations ("FFO"), core funds from operations ("Core FFO"), adjusted funds from operations ("AFFO"), Core FFO per share, AFFO per share, Core FFO payout ratio and AFFO payout ratio, as well as certain key indicators of the performance of our businesses. We utilize these measures in managing our business, including performance measurement and capital allocation. In addition, certain of these measures are used in measuring compliance with our debt covenants. We believe that providing these performance measures on a supplemental basis is helpful to investors and shareholders in assessing the overall performance of the Company's business. However, these measures are not recognized under International Financial Reporting Standards ("IFRS"). Because non-IFRS measures do not have standardized meanings prescribed under IFRS, securities regulations require that such measures be clearly defined, identified, and reconciled to their nearest IFRS measure. The definition, calculation and reconciliation of the non-IFRS measures used in this MD&A are provided in Sections 4 and 5 and the key performance indicators presented are discussed in detail in Section 7.

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

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

This MD&A includes forward-looking statements pertaining to: anticipated operational and financial performance; the Company's strategic and operating plans and growth prospects; expected demographic and economic trends impacting the Company's key markets; project plans, timelines and sales/rental expectations; projected development costs, timelines, plans and development yields; estimated stabilized NOI from development and rental properties; expected performance fees; future cash flows; transaction timelines; anticipated demand for homebuilding and lots; the anticipated growth of the Company's rental businesses; the acquisition of build-to-rent projects; the intentions to attract third-party capital to the Company's businesses; the Company's key priorities over the next three years and the manner in which they might be achieved; the intended internalization of property management of the Company's U.S. multi-family rental portfolio and any resulting synergies; expected future acquisitions, occupancy and turnover rates, and capital expenditure programs for single-family rental homes and U.S. and Canadian multi-family rental apartments; and the ongoing impact of the current COVID-19 pandemic. The assumptions underlying these forward-looking statements and a list of factors that may cause actual business performance to differ from current projections are discussed in this MD&A and in the Company's Annual Information Form dated March 2, 2021 (the "AIF") and its 2020 annual MD&A (as supplemented by Section 8.6 of this document), both of which are available on SEDAR at www.sedar.com. The continuing impact of COVID-19 on the operations, business and financial results of the Company may cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements.

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. See the AIF and the continuous disclosure documents referenced in Section 8.6 for a more complete list of risks relating to an investment in the Company and an indication of the impact the materialization of such risks could have on the Company, and therefore cause actual results to deviate from the forward-looking statements.

Certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this document. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, there can be no assurance that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement.

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

Market and industry data

This MD&A includes certain market and industry data and forecasts obtained from third-party sources, industry publications and publicly available information as well as industry data prepared by management on the basis of its knowledge of the industry in which the Company operates (including management's estimates and assumptions relating to the industry based on that knowledge). Management's knowledge of the North American residential real estate industry has been developed through its experience and participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, the Company has not independently verified any of the data from management or third-party sources referred to in this MD&A, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

Other

Select photos in this document are presented for illustrative purposes only, may be artists' renditions, and may not be representative of all properties in the Company's portfolio.

1

INTRODUCTION

1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is dated as of May 11, 2021, the date it was approved by the Board of Directors of Tricon Residential Inc. ("Tricon", "us", "we" or the "Company"), and reflects all material events up to that date. It should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2021, which were prepared using International Financial Reporting Standards ("IFRS") accounting policies consistent with the Company's audited annual consolidated financial statements for the year ended December 31, 2020.

Additional information about the Company, including its Annual Information Form, is available on the Company's website at www.triconresidential.com, and on the Canadian Securities Administrators' website at www.sedar.com.

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

1.1 Vision and guiding principles

Tricon was founded in 1988 as a fund manager for private clients and institutional investors focused on for-sale residential real estate development. The pursuit of continuous improvement as well as a desire to diversify and facilitate succession planning drove the Company's decision to become publicly traded in 2010. While the U.S. for-sale housing industry was decimated in the Great Recession of 2007–2009, Tricon's strong foundation and its leaders' resilience helped it endure the downturn and learn valuable lessons that informed the Company's decision to ultimately focus on rental housing.

In the decade that followed, Tricon embarked on a deliberate transformation away from for-sale housing, which is inherently cyclical, to a rental housing company that addresses the needs of a new generation facing reduced home affordability and a desire for meaningful human connections, convenience and a sense of community. Today, Tricon provides high-quality, essential shelter to residents. It's a defensive business that is designed to outperform in good times and perform relatively well in more challenging times like today.

Tricon was among the first to enter into and institutionalize the U.S. single-family rental industry. Our success has been built on a culture of innovation and our willingness to adopt new technologies to drive efficiencies and improve our residents' lives. We believe that our ability to bring together capital, ideas, people and technology under one roof is unique in real estate and allows us to improve the resident experience, safeguard our stakeholders' investments, and drive superior returns.

We were also first to recognize the benefits of combining single-family and multi-family rental operations to create a pure play on "middle-market" rental housing. By focusing on the similarities of collecting monthly rent from residents and the complementary nature of property management, we believe that Tricon can deliver a superior experience at all stages of the resident lifecycle. Our properties and residents may be diverse but our commitment to enrich the lives of our residents through caring service and a simplified, connected lifestyle is consistent.

Tricon strives to be North America's pre-eminent rental housing company focused on the middle-market demographic by owning quality properties in attractive markets, focusing on operational excellence, and delivering exceptional customer service. Tricon is driven by its purpose statement – **Imagine a world where housing unlocks life's potential** – and expects its employees to conduct themselves according to the following guiding principles:

- Go above and beyond to enrich the lives of our residents
- Commit to and inspire excellence in everything we do
- Ask questions, embrace problems, thrive on the process of innovation
- Do what is right, not what is easy
- Elevate each other so together we leave an enduring legacy

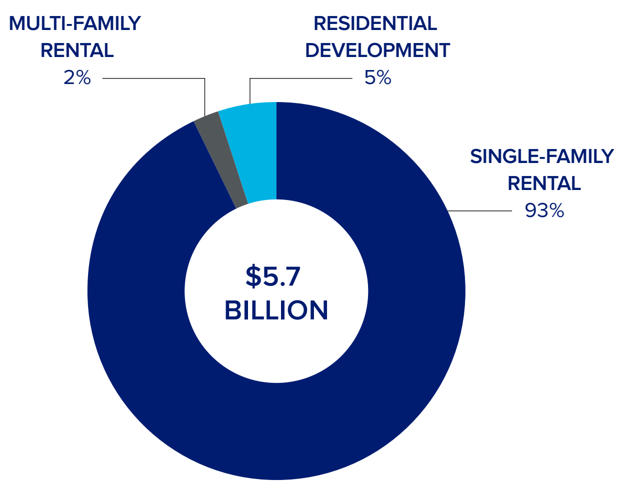
Tricon's guiding principles underpin our business strategy and culture of taking care of our employees first so they in turn are empowered and inspired to provide residents with superior service and to positively impact local communities. When our residents are satisfied, they rent with us longer, they are more likely to treat our properties as their own, and they are more willing to refer new customers. We have realized that the best way to drive returns for our investors and shareholders is to ensure our team and residents are fulfilled. This is why Our People and Our Residents are two of the key priorities in our ESG principles (see Section 1.3).

In addition, to guide its efforts of building shareholder value over the near term, Tricon has defined the following key priorities which it aims to achieve by 2022. Progress toward these goals remains subject to potential ongoing economic instability and uncertainty related to the novel coronavirus global pandemic ("COVID-19") and other risks and uncertainties (see "Non-IFRS measures and forward-looking statements" on page 1 and Section 8.6).

- **Growing core funds from operations** – ("Core FFO", a key performance indicator ("KPI"); refer to Section 7.1) – Tricon is focused on growing Core FFO per share by increasing the net operating income of its rental properties, increasing its Private Funds and Advisory fee streams, and acquiring additional rental properties;
- **Increasing third-party assets under management ("AUM")** – Tricon aims to raise third-party capital in all of its businesses to enhance scale and improve operational efficiency, reduce its balance sheet exposure to development activities, and drive its return on equity with incremental fee income;
- **Growing book value per share** – Over time, Tricon plans to redeploy the majority of its free cash flow into accretive growth opportunities focused primarily on rental housing; and
- **Reducing leverage** – Tricon plans to reduce corporate-level debt by maintaining prudent and largely non-recourse leverage at the subsidiary level, with a mid-term leverage target of 50–55% net debt to assets.

1.2 Business objectives and strategy

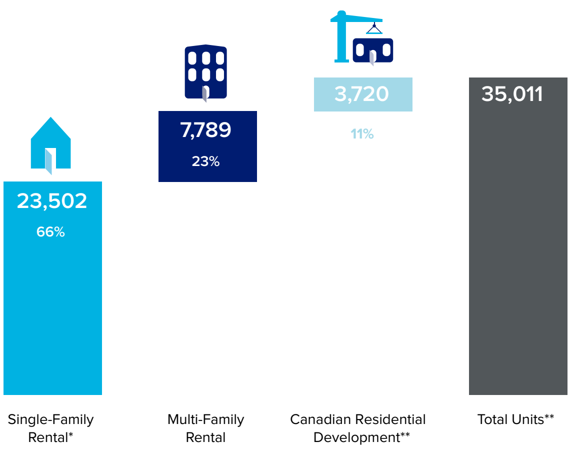
Tricon is an owner and operator of a growing portfolio of over 31,000 single-family rental homes and multi-family rental apartments in the United States and Canada with a primary focus on the U.S. Sun Belt. Since the Company's initial public offering in 2010, Tricon has evolved from an asset manager focused on investing in "for-sale" housing development to a growth-oriented rental housing company with a comprehensive technology-enabled operating platform. As at March 31, 2021, about 95% of the Company's real estate assets are stabilized rental housing assets, and the remaining 5% are invested in residential development projects.



(Based on the fair value of single-family homes, equity-accounted investments in multi-family rental properties, equity-accounted investments in Canadian residential developments, Canadian development properties (net of debt) and investments in U.S. residential developments.)

Through its fully integrated operating platform, the Company earns (i) rental income and ancillary revenue from single-family rental properties, (ii) income from its investments in multi-family rental properties and residential developments, and (iii) fees from managing third-party capital co-invested in its real estate assets.

RENTAL PORTFOLIO



SOURCES OF REVENUE

1. **Revenue from Rental Properties**

   Single-Family Rental

+

2. **Income from Investments**

   Multi-Family Rental

   Residential Development

+

3. **Revenue from Private Funds and Advisory**

   Asset Management & Performance Fees

   Development Fees

   Property Management Fees

*Excludes 33 single-family rental homes held for sale.

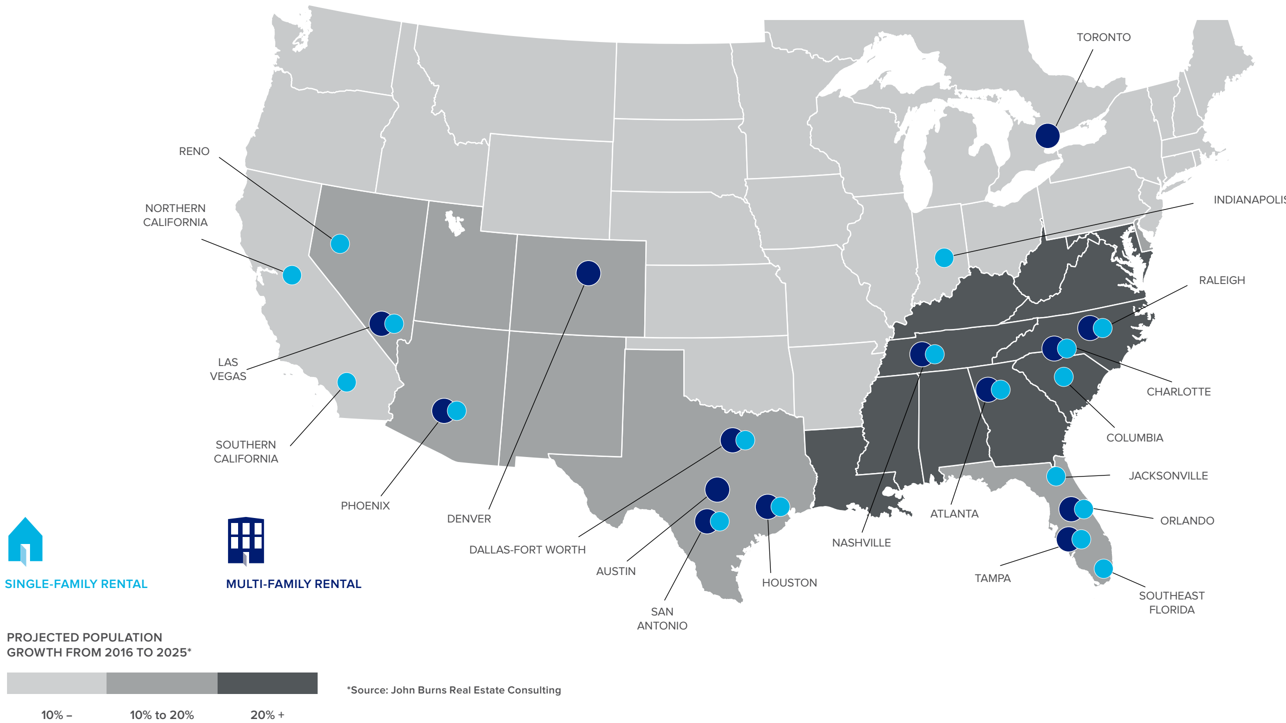
**Includes estimated Canadian residential development units based on development plans as of March 31, 2021. See Section 4.3 for details.

Rental housing strategy

Tricon's U.S. rental strategy, in both single-family and multi-family rental, is focused on select geographic markets in the U.S. Sun Belt and targets the "middle-market" resident demographic. The U.S. Sun Belt has experienced significant population and job growth over time, driven by a friendly business environment, lower tax rates, enhanced affordability and a warm climate. It is home to about 40% of all U.S. households, and is expected to see 60% of the growth in U.S. households over the next decade (source: John Burns Real Estate Consulting, 2019). In many ways, the COVID-19 pandemic has accelerated these demographic trends and is expected to help drive even stronger relative population growth over the next five years in Tricon's core markets as Americans de-urbanize and seek out the safety of suburban living in less dense markets. Furthermore, the Company believes that growing work-from-home trends will likely strengthen in-migration to the Sun Belt states as employers permit more flexible work arrangements and employees gravitate towards more affordable housing markets.

Within its targeted geographic markets, Tricon is focused on serving the middle-market resident demographic which consists of nearly nine million U.S. renter households (source: U.S. Census Bureau). The Company defines the middle-market cohort as those households earning between $60,000 and $100,000 per year and with monthly rental payments of $1,200 to $1,800. These rent levels typically represent approximately 20–25% of household income, which provides each household with meaningful cushion to continue paying rent in times of economic hardship and when experiencing a decline in income. Conversely, Tricon has the flexibility to increase rents and defray higher operating costs in a stronger economic environment without significantly impacting its residents' financial well-being. Focusing on qualified middle-market families who are likely to be long-term residents is expected to result in lower turnover rates, thereby reducing turn costs and providing stable cash flows for the Company.

Tricon's Canadian "build-to-core" rental strategy is focused on the Greater Toronto Area, a region that is underpinned by strong economic fundamentals, including robust job and population growth over an extended period, and attractive supply and demand fundamentals. The Company is currently developing all of its Canadian multi-family properties in downtown Toronto, and believes that the confluence of Canadian urbanization trends, strong population growth, a robust and diversified economy, and major for-sale housing affordability issues will support attractive, long-term rental fundamentals. In addition, Tricon's high-quality, service-oriented rental offerings are well-positioned to cater towards an urban workforce seeking condo-quality, highly amenitized apartments but with professional property management.

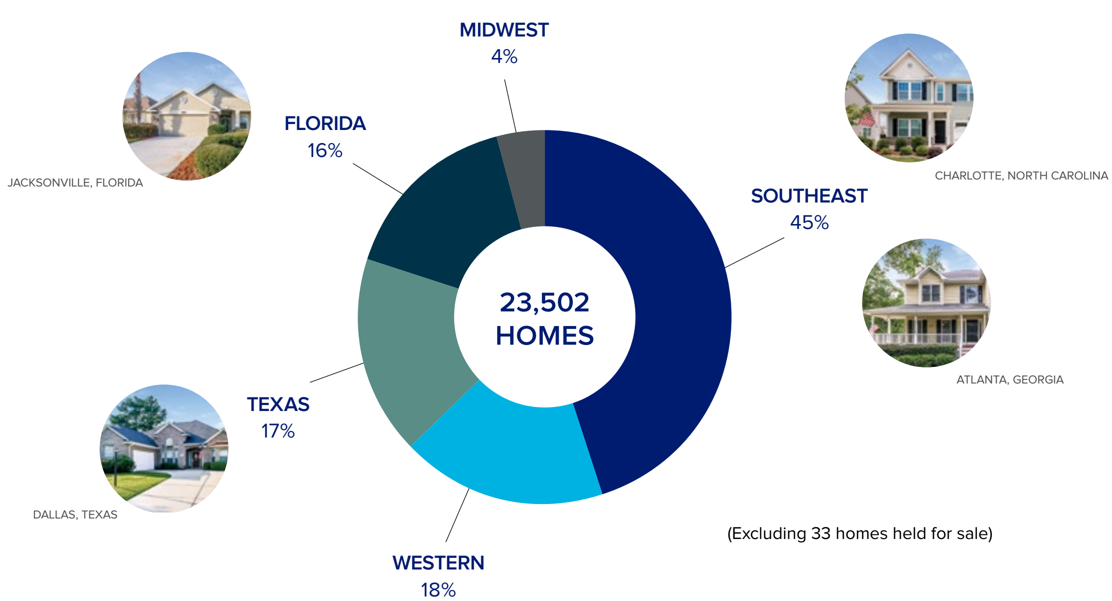


A description of each of the Company's businesses is provided below.

Single-Family Rental

Tricon owns and operates one of the largest portfolios of single-family rental homes in the U.S. Sun Belt, with 23,502 homes (excluding 33 homes held for sale) in 18 markets across ten states as of March 31, 2021. Tricon offers middle-market families the convenience of renting a high-quality, renovated home without costly overhead expenses such as maintenance and property taxes, and with a focus on superior customer service.

Since entering the single-family rental business in 2012, Tricon has built a technology-enabled platform to support its growth and manage its properties efficiently. The Company's proprietary technology automates home acquisitions, leasing activities (such as virtual tours and/or self-showings), resident underwriting, revenue management, call centre services, repairs and maintenance and workflow management, among other activities. Management believes the Company has a significant competitive advantage arising from its technology-enabled property management platform that is difficult to replicate yet highly scalable, and it intends to apply these capabilities across both its single-family and multi-family rental portfolios.



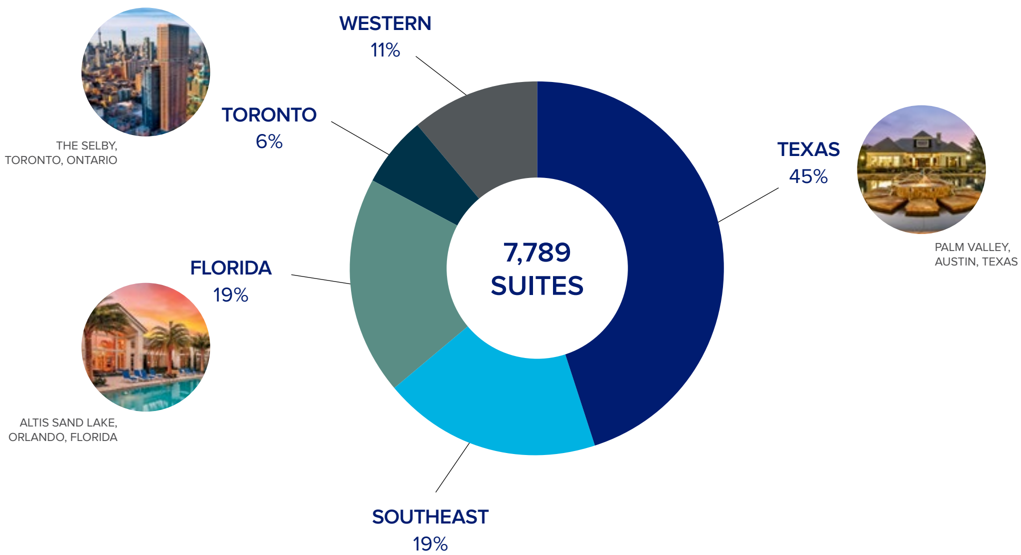
(Excluding 33 homes held for sale)

Multi-Family Rental

In the U.S., Tricon invests in, manages and operates a portfolio of high-quality, affordably priced garden-style apartments primarily in the U.S. Sun Belt, comprised of 23 properties totalling 7,289 suites in 13 major markets. The current portfolio consists of new vintage garden-style complexes featuring resort-style amenities, including swimming pools and well-appointed fitness and common areas, located in desirable suburban sub-markets that have experienced strong employment and population growth over an extended period of time. Tricon holds these assets in partnerships with institutional investors who have an investment bias towards long-term ownership and stable recurring cash flows. The institutional investors pay Tricon asset management fees and possibly performance fees, enabling the Company to enhance its return on investment.

These assets are currently property managed by leading third-party firms, overseen by Tricon's internal asset management team. However, the Company intends to internalize the property management function, enabling it to earn property management fees. The internalization will produce additional synergies by leveraging Tricon's existing technology, infrastructure and centralized property management functions. Tricon's long-term strategy is to continue to grow this business and drive operating synergies through incremental scale.

In Canada, Tricon operates one 500-suite Class A rental property, The Selby, located in Toronto. The Selby is currently managed through Tricon's vertically integrated platform, including local property management employees.



Residential Development

In its Residential Development business, Tricon develops new residential real estate properties, predominantly rental housing intended for long-term ownership. Such developments include (i) Class A multi-family rental apartments in Canada, (ii) its recently launched strategy to develop single-family rental communities in the U.S., and (iii) (legacy) land development and homebuilding projects predominantly in the U.S.

(i) Canadian Class A multi-family rental apartments:

Tricon is one of the most active multi-family rental developers in downtown Toronto with eight projects under development, totalling approximately 3,720 units (including select condominium units). Tricon is focused on developing, owning and operating the leading portfolio of Class A rental apartments in the Greater Toronto Area, Canada's economic engine and one of its fastest-growing metropolitan areas. The Company's "build-to-core" strategy targets institutional-quality development of well-located rental properties near major employment nodes and/or public transit that will ultimately be held over the long term as part of an income-producing portfolio. Through its vertically integrated operations, including land acquisition/entitlement, development, oversight of vertical construction, and property management, we believe that Tricon has a major competitive advantage and is able to develop properties designed specifically to serve rental residents in a Toronto market saturated with investor-driven condominium projects. Tricon holds these assets in partnerships with pension plans and strategic partners who have an investment bias towards long-term ownership and stable recurring cash flows. These institutional investors or strategic partners pay Tricon development management fees, asset management fees and possibly performance fees, enabling the Company to enhance its return on investment.

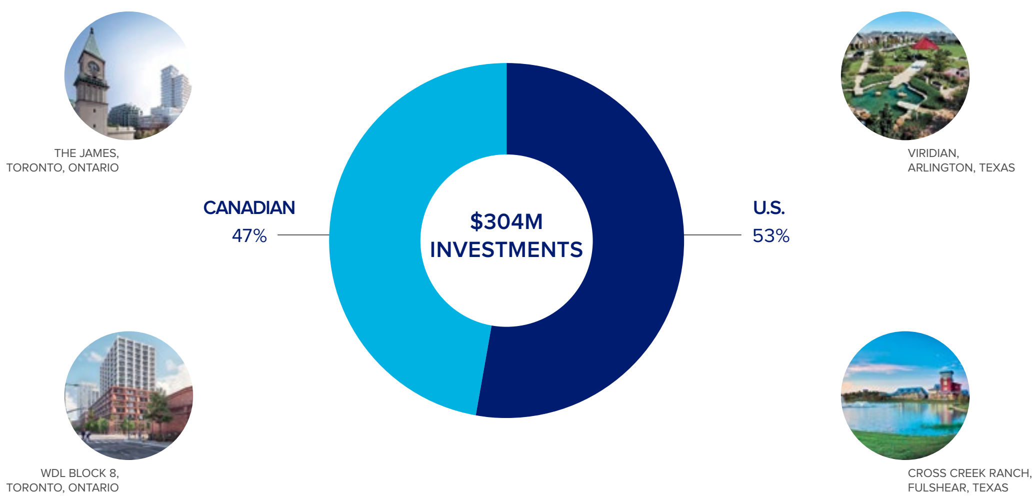
(ii) U.S. single-family rental communities:

The Company's innovative build-to-rent strategy, which is focused on developing a portfolio of well-designed, dedicated single-family home rental communities, commenced in the third quarter of 2019, following the establishment of a joint venture arrangement with an institutional investor. Such developments, which typically include a cluster of rental homes with shared amenities, combine the privacy and convenience of single-family rental living with the community experience of the multi-family rental model. This strategy leverages the Company's complementary expertise in land development, homebuilding, and single-family rental and multi-family rental property management. The Company closed on its first investment under this strategy in 2020 and expects to commit to approximately ten development communities per year in 2021 and 2022.

(iii) U.S. land development and homebuilding:

The Company's legacy business provides equity or equity-type financing to experienced local or regional developers and builders of for-sale housing primarily in the U.S. These investments are typically made through Investment Vehicles that hold an interest in land development and homebuilding projects, including master-planned communities ("MPCs"). Tricon also serves as the developer of certain of its MPCs through its Houston-based subsidiary, The Johnson Companies LP ("Johnson"), an integrated development platform with expertise in land entitlement, infrastructure, municipal bond finance and placemaking, and deep relationships with public and regional homebuilders and commercial developers.

Johnson's reputation for developing high-quality MPCs is further evidenced by Johnson having four MPCs ranked in the top 50 based on homebuilder sales in 2020 according to RCLCO Real Estate Advisors and John Burns Real Estate Consulting.



(Residential development investments of $303.6 million represent 5% of Tricon's real estate asset value. The investment balance includes Tricon's equity-accounted investments in Canadian residential developments, Canadian development properties (net of debt) and investments in U.S. residential developments as at March 31, 2021. Refer to Section 4.3.)

Private Funds and Advisory

Through its Private Funds and Advisory ("PF&A") business, Tricon earns fees from managing third-party capital invested in its real estate assets through commingled funds, separate accounts and joint ventures ("Investment Vehicles"). Activities of this business include:

(i) **Asset management of third-party capital:** Tricon manages capital on behalf of American, Canadian and international institutional investors, including pension funds, sovereign wealth funds, insurance companies, endowments and foundations, as well as family offices and high net-worth accredited investors who seek exposure to the residential real estate industry. Tricon currently manages $3.9 billion of third-party capital (of total AUM of $9.0 billion) across its single-family rental, multi-family rental and residential development business segments.

Tricon manages third-party capital for ten of the top 100 largest institutional real estate investors in the world (source: "PERE Global Investor 100" ranking, October 2020). In 2020, Tricon ranked 65th globally and second in Canada (compared to 68th and third, respectively, in 2019) among global real estate investment managers based on the equity they raised since 2015 (source: "2020 PERE 100" manager ranking, June 2020). In aggregate, the Company has approximately 20 institutional investors in its active Investment Vehicles.

For its services, Tricon earns asset management fees and performance fees, provided targeted investment returns are achieved.

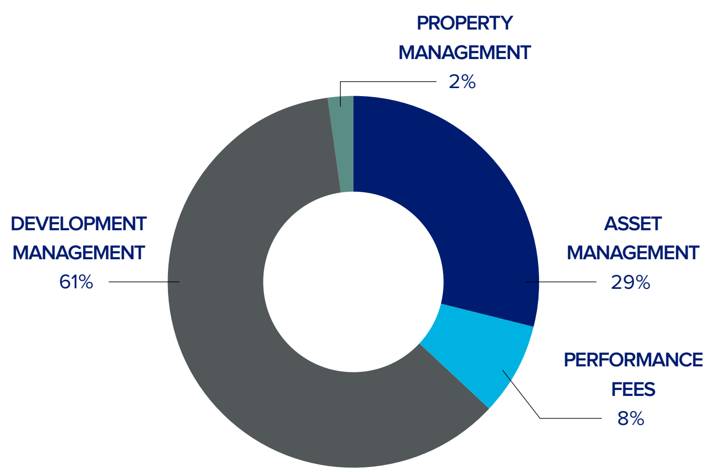
Tricon believes it is prudent to use a combination of balance sheet and third-party capital across its businesses. In particular, third-party capital allows the Company to generate scale and drive operational synergies, diversify its investor base, capitalize on opportunities that would otherwise be too large for the Company, reduce its balance sheet exposure to development activities, and enhance Tricon's return on equity by earning asset management and other fees.

When co-investing with institutional partners, Tricon prefers to invest a higher relative portion of its commitment in income-producing rental strategies and a lower portion in development. This approach allows Tricon's balance sheet investments to immediately generate regular income streams and help grow FFO, while minimizing exposure to longer-term development assets, which do not generate immediate cash flow.

(ii) **Development management and related advisory services:** Tricon earns development management fees from its rental development projects in Toronto, which leverage its fully integrated development team. In addition, Tricon earns contractual development fees and sales commissions from the development and sale of single-family lots, residential land parcels, and commercial land within the MPCs managed by its Johnson subsidiary.

(iii) **Property management of rental properties:** Tricon provides integrated property management services to its entire single-family rental portfolio (including homes owned through joint ventures with third-party capital partners) and Canadian multi-family assets and is planning the internalization of property management for its U.S. multi-family rental portfolio. The property management business is headquartered in Orange County, California, and provides resident-facing services including marketing, leasing, and repairs and maintenance delivered through a dedicated call centre and local field offices. For its services, Tricon earns property management fees, typically calculated as a set percentage of the gross revenues of each property, as well as leasing, construction and acquisition fees.

FEE REVENUE BY SOURCE FOR THE THREE MONTHS ENDED MARCH 31, 2021*



*Property management fees paid by the single-family rental business segment and certain development management fees paid by Canadian development properties are eliminated upon consolidation and are excluded from revenue from private funds and advisory services. Refer to Section 4.4 for a summary of revenue from private funds and advisory services for the three months ended March 31, 2021.

1.3 Environmental, Social and Governance

Environmental, Social and Governance ("ESG") principles have guided Tricon's decision-making and strategy for the past 33 years. In January 2020, the Company published its ESG Roadmap, formalizing our approach to ESG and highlighting our commitment to five strategic priorities:

Our People: Tricon is committed to engaging, supporting and enriching the lives of its employees so they can thrive. Tricon recognizes that creating a strong and healthy culture is an ongoing journey that must be firmly rooted in the concept of continuous improvement. Examples of our recent accomplishments include formalizing a talent management and a succession planning framework, implementing a living wage for our frontline employees, and promoting the BlackNorth initiative to counter systemic anti-Black racism.

Our Residents: Tricon's goal is to build meaningful communities where people can connect, grow and prosper. In light of the widespread economic uncertainty related to COVID-19, we have focused our efforts on assisting residents in need by moderating rent growth on renewals, deferring late fees and offering flexible rental payment plans, among other initiatives.

Our Innovation: Tricon is strongly committed to leveraging innovative technologies and housing solutions to drive convenience, connectivity and affordability. Core service offerings are guided by two key desired outcomes: (i) delivering superior service that creates exceptional resident experiences and (ii) developing offerings that enhance the lives of residents while addressing their housing needs. Innovative technologies are deployed throughout our operation, from proprietary acquisition software and smart home technologies in our homes, to self-showings, virtual move-ins and an automated leasing process for our residents.

Our Impact: Tricon is committed to the sustainability of its business activities over the long term. This effort will involve embracing smarter ways to reduce the environmental impact of our buildings by minimizing both our resource consumption and carbon footprint. We are dedicated to ensuring our developments are built to LEED standards and that wildlife and biodiversity are protected by creating parks, green spaces and natural ecosystems.

Our Governance: Tricon is firmly committed to acting in an ethical manner across all of its business dealings, and to working transparently with stakeholders and investors to enhance trust and reduce risks. We have established a governance framework to hold our organization, leadership and staff accountable. Tricon is also committed to meeting or exceeding the expectations of the 30% Club Canada, a campaign to increase gender diversity at board and senior management levels, as well as achieving our leadership diversity goals made as part of the BlackNorth Initiative.

Over the past year, we have established a range of ESG programs and related performance measures intended to fulfill the commitments laid out in our Roadmap. The design of these programs is substantially complete and will form our three-year ESG implementation plan. We will share our key initiatives and discuss our ESG performance when we release our inaugural ESG annual report in May 2021. We also plan on participating in the Global Real Estate Sustainability Benchmark ("GRESB") assessment in 2021.

For further details, please refer to the Company's ESG Roadmap, which was published on January 28, 2020. The ESG roadmap is available on our website at www.triconresidential.com/investors and on SEDAR at www.sedar.com.

2

HIGHLIGHTS

2. HIGHLIGHTS

The following section presents highlights for the quarter on a consolidated and proportionate basis.

On March 31, 2021, the Company completed the syndication of its U.S. multi-family rental subsidiary to two institutional investors, which resulted in a disposition of 80% of the Company's interest in the subsidiary. Accordingly, the Company deconsolidated the subsidiary and reclassified its current- and prior-year period results as discontinued operations separate from the Company's continuing operations in accordance with IFRS 5. Refer to Notes 2 and 3 to the condensed interim consolidated financial statements for more details.

Core funds from operations ("Core FFO"), Core FFO per share, Adjusted funds from operations ("AFFO") and AFFO per share are KPIs as defined in Section 7.1. The Company uses guidance specified by the National Association of Real Estate Investment Trusts ("NAREIT").

For the three months ended March 31 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars, unless otherwise indicated)	2021	2020
Financial highlights on a consolidated basis		
Net income (loss) from continuing operations, including:	**$ 41,904**	**$ (46,533)**
Fair value gain on rental properties	112,302	20,637
Income (loss) from investments in U.S. residential developments	6,659	(79,579)
Basic earnings (loss) per share attributable to shareholders of Tricon from continuing operations	**0.21**	**(0.24)**
Diluted earnings (loss) per share attributable to shareholders of Tricon from continuing operations	**0.21**	**(0.24)**
Net (loss) income from discontinued operations	(67,562)	6,028
Basic (loss) earnings per share attributable to shareholders of Tricon from discontinued operations	(0.34)	0.03
Diluted (loss) earnings per share attributable to shareholders of Tricon from discontinued operations	(0.35)	0.03
Dividends per share	**$ 0.07**	**$ 0.07**
Weighted average shares outstanding – basic	**194,898,627**	**195,080,609**
Weighted average shares outstanding – diluted	**196,327,468**	**196,452,674**
Non-IFRS(1) measures on a proportionate basis		
Core funds from operations ("Core FFO")(2)	$ 32,522	$ 21,493
Adjusted funds from operations ("AFFO")(2)	25,817	14,850
Core FFO per share(3)	0.13	0.10
Core FFO per share (CAD)(3),(4)	0.16	0.13
AFFO per share(3)	0.10	0.07
AFFO per share (CAD)(3),(4)	0.13	0.09
Select balance sheet items reported on a consolidated basis	March 31, 2021	December 31, 2020
Total assets	**$ 6,376,567**	**$ 7,174,834**
Total liabilities	**4,667,879**	**5,431,596**
Net assets attributable to shareholders of Tricon	**1,702,121**	**1,735,096**
Rental properties	**5,295,848**	**6,321,918**
Debt	**3,328,115**	**4,137,506**

(1) Non-IFRS measures are presented to illustrate alternative relevant measures to assess the Company's performance and ability to generate cash. Refer to Section 5.

(2) Fair value gains recognized on equity-accounted investments in Canadian residential developments of $5,099 and performance share unit (PSU) recovery of $442 in the first quarter of 2020 have been removed from Core FFO to conform with the current period presentation. This change resulted in a $5,541 decrease in Core FFO and AFFO for the three months ended March 31, 2020.

(3) Core FFO per share and AFFO per share are calculated using the total number of weighted average potential dilutive shares outstanding, including the assumed conversion of convertible debentures and exchange of preferred units issued by Tricon PIPE LLC, which was 248,103,423 and 212,934,511, respectively, for the three months ended March 31, 2021 and March 31, 2020.

(4) USD/CAD exchange rates used are 1.2660 at March 31, 2021 and 1.3449 at March 31, 2020.

IFRS measures on a consolidated basis

Net income from continuing operations in the first quarter of 2021 was $41.9 million compared to a net loss of $46.5 million in the first quarter of 2020, and included:

- Revenue from single-family rental properties of $98.5 million compared to $87.7 million in the first quarter of 2020 reflecting a 9.1% year-over-year increase in portfolio size to 23,502 rental homes, combined with 4.4% growth in average effective monthly rent per home and a 0.8% increase in occupancy.
- Direct operating expenses of $32.3 million compared to $29.7 million in the first quarter of 2020 owing to higher costs associated with operating a larger single-family rental portfolio and a 4% increase in property taxes associated with property value appreciation, partially offset by a decrease in repairs, maintenance and turnover expense attributable to a lower resident turnover rate of 20.8% and improved resident recoveries.
- Income from investments in U.S. residential developments of $6.7 million compared to a loss of $79.6 million in the first quarter of 2020 as a result of substantially improved project performance in the current year; the comparative period included a one-time fair value write-down due to rapidly deteriorating business fundamentals at the onset of the COVID-19 pandemic.
- Fair value gain on rental properties of $112.3 million compared to $20.6 million in the first quarter of 2020 reflecting significant home price appreciation in Tricon's core markets. The increase in home prices in Tricon's Sun Belt markets is underpinned by in-migration, de-densification and de-urbanization trends, as well as low mortgage interest rates, all of which have fuelled demand for suburban homes.

Net loss from discontinued operations was $67.6 million compared to income of $6.0 million in the first quarter of 2020, driven primarily by the non-cash loss related to a $79.1 million goodwill derecognition. This goodwill was initially recognized when Tricon transitioned to a rental housing company on January 1, 2020 based on the difference in the tax bases and the fair values of the assets deemed to have been acquired on the transition day. The Company's sale of its 80% interest in the U.S. multi-family rental business on March 31, 2021 constituted a loss of control from an accounting perspective, and therefore, the entire balance sheet of the business and the associated goodwill on the corporate balance sheet were deconsolidated.

Non-IFRS measures on a proportionate basis

Core funds from operations ("Core FFO") for the first quarter of 2021 was $32.5 million, an increase of $11.0 million or 51% compared to $21.5 million in the first quarter of 2020. This increase incorporates solid operating results from Tricon's growing single-family rental portfolio, including strong rent growth and higher occupancy, improved earnings from the Company's investment in U.S. residential developments and lower interest expense.

Adjusted funds from operations ("AFFO") for the first quarter of 2021 was $25.8 million, an increase of $11.0 million or 74% compared to $14.9 million in the first quarter of 2020. This growth in AFFO reflects the increase in Core FFO discussed above with no significant increase in recurring capital expenditures. Despite the 9.1% expansion in the single-family rental portfolio, recurring capital expenditures remained constant, driven by reduced turnover capital spending ensuing from lower resident turnover and a disciplined scoping process in capital projects.

3

CONSOLIDATED FINANCIAL RESULTS

3. CONSOLIDATED FINANCIAL RESULTS

The following section should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2021.

On March 31, 2021, the Company completed the syndication of its U.S. multi-family rental subsidiary to two institutional investors, which resulted in a disposition of 80% of the Company's interest in the subsidiary. Accordingly, the Company deconsolidated the subsidiary and reclassified its current- and prior-year period results as discontinued operations separate from the Company's continuing operations in accordance with IFRS 5. Refer to Notes 2 and 3 to the condensed interim consolidated financial statements for more details.

3.1 Review of income statements

Consolidated statements of income

For the three months ended March 31 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	2021	2020	Variance
Revenue from single-family rental properties	**$ 98,474**	**$ 87,671**	**$ 10,803**
Direct operating expenses	(32,302)	(29,651)	(2,651)
Net operating income from single-family rental properties	66,172	58,020	8,152
Revenue from private funds and advisory services	**8,930**	**7,815**	**1,115**
(Loss) income from equity-accounted investments in multi-family rental properties(1)	(457)	55	(512)
(Loss) income from equity-accounted investments in Canadian residential developments(2)	(3)	5,097	(5,100)
Other income(3)	205	48	157
Income (loss) from investments in U.S. residential developments(4)	6,659	(79,579)	86,238
Compensation expense	(17,750)	(10,408)	(7,342)
General and administration expense	(8,403)	(9,711)	1,308
Interest expense	(36,075)	(34,889)	(1,186)
Fair value gain on rental properties	112,302	20,637	91,665
Fair value loss on derivative financial instruments and other liabilities	(37,172)	(2,144)	(35,028)
Transaction costs	(1,229)	(1,231)	2
Amortization and depreciation expense	(2,650)	(2,773)	123
Realized and unrealized foreign exchange gain (loss)	170	(2,924)	3,094
Net change in fair value of limited partners' interests in single-family rental business	(26,141)	(5,451)	(20,690)
	(10,544)	(123,273)	112,729
Income (loss) before income taxes from continuing operations	**$ 64,558**	**$ (57,438)**	**$ 121,996**
Income tax (expense) recovery from continuing operations	(22,654)	10,905	(33,559)
Net income (loss) from continuing operations	**$ 41,904**	**$ (46,533)**	**$ 88,437**
Basic earnings (loss) per share attributable to shareholders of Tricon from continuing operations	**0.21**	**(0.24)**	**0.45**
Diluted earnings (loss) per share attributable to shareholders of Tricon from continuing operations	**0.21**	**(0.24)**	**0.45**
Net (loss) income from discontinued operations	(67,562)	6,028	(73,590)
Basic (loss) earnings per share attributable to shareholders of Tricon from discontinued operations	(0.34)	0.03	(0.37)
Diluted (loss) earnings per share attributable to shareholders of Tricon from discontinued operations	(0.35)	0.03	(0.38)
Weighted average shares outstanding – basic	**194,898,627**	**195,080,609**	**(181,982)**
Weighted average shares outstanding – diluted(5)	**196,327,468**	**196,452,674**	**(125,206)**

(1) Includes income from The Selby (Section 4.2) and one day of activity from the U.S. multi-family rental portfolio, which was syndicated on March 31, 2021.
(2) Includes income from The Taylor, West Don Lands, The Ivy and 7 Labatt (Section 4.3.1).
(3) Includes other income from Canadian development properties, The James (Scrivener Square) and The Shops of Summerhill (Section 4.3.1).
(4) Reflects the net change in the fair values of the underlying investments in the legacy for-sale housing business (Section 4.3.2).
(5) For the three months ended March 31, 2021, the Company's 2022 convertible debentures and the exchangeable preferred units of Tricon PIPE LLC were anti-dilutive. For the three months ended March 31, 2020, the 2022 convertible debentures were anti-dilutive. Refer to Note 28 to the condensed interim consolidated financial statements.

Revenue from single-family rental properties

The following table provides further details regarding revenue from single-family rental properties for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Rental revenue	$ 97,171	$ 85,571	$ 11,600
Concessions and abatements	(442)	(804)	362
Fees and other revenue	3,681	3,599	82
Bad debt expense	(1,936)	(695)	(1,241)
Revenue from single-family rental properties	**$ 98,474**	**$ 87,671**	**$ 10,803**

Revenue from single-family rental properties for the three months ended March 31, 2021 totalled $98.5 million, an increase of $10.8 million or 12.3% compared to $87.7 million for the same period in the prior year. The increase is attributable to:

- An increase of $11.6 million in rental revenue from single-family rental properties reflecting (i) a 9.1% portfolio expansion (23,502 rental homes compared to 21,535), (ii) 4.4% growth in average effective monthly rent per home ($1,483 compared to $1,420), and (iii) a 0.8% increase in occupancy (96.3% compared to 95.5%).
- A decrease in concessions and abatements of $0.4 million attributable to the constrained availability of single-family rental homes for new leases, driven by lower turnover in a strong leasing environment.
- A partially offsetting increase of $1.2 million in bad debt expense largely as a result of higher resident delinquency from the COVID-19 pandemic as U.S. unemployment remained higher than pre-pandemic levels. Bad debt expense was 1.9% of revenue compared to 0.8% in the comparative period.

Direct operating expenses

The following table provides further details regarding direct operating expenses from the single-family rental portfolio for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020(1)	Variance
Property taxes	$ 15,243	$ 13,966	$ (1,277)
Repairs, maintenance and turnover	5,939	5,724	(215)
Property management expenses	6,550	5,973	(577)
Property insurance	1,413	1,210	(203)
Marketing and leasing	356	332	(24)
Homeowners' association (HOA) costs	1,325	1,181	(144)
Other direct expense(2)	1,476	1,265	(211)
Direct operating expenses	**$ 32,302**	**$ 29,651**	**$ (2,651)**

(1) The comparative period has been reclassified to conform with the current period presentation. Marketing and leasing expenses that were previously included in property management expenses have now been reclassified as a separate line item. Additionally, $85 of broker fees have been reclassified from property insurance to property management expenses.

(2) Other direct expense includes property utilities and other property operating costs.

Direct operating expenses for the three months ended March 31, 2021 were $32.3 million, an increase of $2.7 million or 8.9% compared to the same period in the prior year. The variance is attributable to:

- An increase of $1.3 million in property taxes from the single-family rental portfolio driven by 9.1% growth in the size of the portfolio (1,967 more rental homes in service in Q1 2021 compared to Q1 2020), as well as a higher property tax expense per home as a result of higher assessed property values, driven by home price appreciation.
- An increase of $0.6 million in property management expenses as a result of additional operations personnel costs incurred in managing a growing rental portfolio.
- An increase of $0.2 million in repairs, maintenance and turnover driven by higher repair costs incurred on a larger portfolio of homes and $0.3 million of incremental repair costs incurred as a result of the winter storm in Texas (see Section 4.1). This increase was offset by savings in turnover costs attributable to a lower turnover rate of 20.8% (compared to 21.4% in Q1 2020) and higher resident recoveries.
- An increase of $0.2 million in property insurance expense as property insurance premiums increased 10% year-over-year across the industry.

Revenue from private funds and advisory services

The following table provides further details regarding revenue from private funds and advisory services for the three months ended March 31, 2021, net of inter-segment revenues eliminated upon consolidation.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Asset management fees	$ 2,598	$ 3,333	$ (735)
Performance fees	692	314	378
Development fees[1]	5,464	3,922	1,542
Property management fees	176	246	(70)
Revenue from private funds and advisory services	**$ 8,930**	**$ 7,815**	**$ 1,115**

(1) Development fees are comprised of fees earned by:

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
The Johnson Companies ("Johnson")	$ 3,722	$ 3,527	$ 195
Tricon Development Group ("TDG")	1,742	395	1,347
Development fees	**$ 5,464**	**$ 3,922**	**$ 1,542**

Revenue from private funds and advisory services for the three months ended March 31, 2021 totalled $8.9 million, an increase of $1.1 million from the same period in the prior year. The variance is primarily attributable to:

- An increase of $1.5 million in development fees driven by $1.3 million more fees earned from Canadian residential developments, several of which achieved significant development milestones during the quarter. In addition, Johnson recorded a $0.2 million increase in development fees, attributable to improved lot sales in the first quarter of 2021 compared to the same period of 2020 (see below).
- An increase of $0.4 million in performance fees generated from the Company's U.S. residential development investments portfolio. Performance fees are paid when realized returns from an Investment Vehicle exceed third-party investor return thresholds, and are therefore episodic in nature and can vary substantially from period to period.
- A partially offsetting decrease of $0.7 million in asset management fees, as the natural liquidation and strategic disposition of for-sale housing investments have resulted in significant distributions to third-party investors over the past twelve months, thereby reducing the outstanding invested capital upon which asset management fees are based.

Johnson's development fees are generated based on the number of lots sold to homebuilders. While Johnson does not generate revenues from third-party homes sales, the number of homes sold is indicative of Johnson's expected future performance as homebuilders must replenish inventories to accommodate future demand. In spite of the COVID-19 pandemic, the for-sale housing market has fared well, underpinned by ultra-low mortgage interest rates, de-densification and de-urbanization trends and extended work-from-home orders, which have all led to higher demand for detached houses. Following the record third-party home sales reported at Johnson's communities in 2020, the number of third-party home sales continued to trend upwards in the first quarter of 2021 (Q1 2021 – 1,276 vs. Q1 2020 – 1,114, or a 15% year-over-year increase), which is expected to continue driving homebuilders' demand for lot inventory in the coming periods.

The Company also earns significant fees from managing the single-family rental homes and Canadian residential developments held in controlled subsidiaries, which are eliminated upon consolidation. The tables below provide an overview of the gross fees earned, followed by consolidation eliminations to arrive at the net fees earned in the three months ended March 31, 2021 and 2020.

(in thousands of U.S. dollars)	Asset management fees	Performance fees	Development fees	Property management fees[1]	Total
For the three months ended March 31, 2021					
Gross management fees	$ 2,598	$ 692	$ 5,849	$ 13,148	$ 22,287
Less fees eliminated upon consolidation	–	–	(385)	(12,972)	(13,357)
Total revenue from private funds and advisory services	**$ 2,598**	**$ 692**	**$ 5,464**	**$ 176**	**$ 8,930**
For the three months ended March 31, 2020					
Gross management fees	$ 3,333	$ 314	$ 3,922	$ 11,499	$ 19,068
Less fees eliminated upon consolidation	–	–	–	(11,253)	(11,253)
Total revenue from private funds and advisory services	**$ 3,333**	**$ 314**	**$ 3,922**	**$ 246**	**$ 7,815**

(1) Property management fees also include leasing, acquisition and construction management fee revenue.

(Loss) income from equity-accounted investments in multi-family rental properties

Equity-accounted investments in multi-family rental properties include Tricon's 20% interest in the new U.S. multi-family rental joint venture formed on March 31, 2021 along with its 15% investment in 592 Sherbourne LP, which owns The Selby.

The following table presents the income from equity-accounted investments in multi-family rental properties for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
(Loss) income from equity-accounted investments in multi-family rental properties	$ (457)	$ 55	$ (512)

Loss from equity-accounted investments in multi-family rental properties for the three months ended March 31, 2021 was $0.5 million, a $0.5 million decrease from the prior year. The variance is attributable to Tricon's share of post-closing expenses incurred in the U.S. multi-family joint venture on March 31, 2021, representing one day of results. Full-quarter results from the Company's U.S. multi-family portfolio prior to its syndication to the joint venture are included in income from discontinued operations and Section 4.2.

The loss from Tricon's share of U.S. multi-family rental was partially offset by the Company's share of operating income generated from The Selby, which remained consistent with the prior year at $0.1 million.

(Loss) income from equity-accounted investments in Canadian residential developments

Equity-accounted investments in Canadian residential developments include joint ventures and equity holdings in development projects, namely The Taylor, West Don Lands, The Ivy and 7 Labatt. The James (Scrivener Square) and The Shops of Summerhill are accounted for as Canadian development properties. The income earned from The Shops of Summerhill is presented as other income.

The following table presents the (loss) income from equity-accounted investments in Canadian multi-family developments for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
(Loss) income from equity-accounted investments in Canadian residential developments	$ (3)	$ 5,097	$ (5,100)

Loss from investments in Canadian residential developments for the three months ended March 31, 2021 was nominal, compared to income of $5.1 million in the same period of the prior year, which had resulted from fair value gains recognized on the West Don Lands project (Block 8) upon the commencement of construction.

Income (loss) from investments in U.S. residential developments

The following table presents the income (loss) from investments in U.S. residential developments for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Income (loss) from investments in U.S. residential developments	$ 6,659	$ (79,579)	$ 86,238

Income from investments in U.S. residential developments for the three months ended March 31, 2021 was $6.7 million, an increase of $86.2 million from the same period in the prior year. This year-over-year increase reflects healthy project performance in the current period, compared to a one-time fair value write-down incurred in the comparative period due to rapidly deteriorating business fundamentals at the onset of the COVID-19 pandemic. The improved performance has been primarily driven by strong housing demand that, in turn, stems from historically low mortgage interest rates, positive demographic change, de-urbanization and de-densification trends, along with extended work-from-home mandates. While the for-sale housing market outlook for 2021 appears favourable, management is mindful of rising labour and material costs, which could partially offset the benefit of rising home prices and high absorption rates and therefore ultimately affect future cash flows.

Compensation expense

The following table provides further details regarding compensation expense for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)		2021	2020	Variance
Salaries and benefits	A	**$ 9,817**	**$ 8,425**	**$ (1,392)**
Cash component		3,456	2,509	(947)
Restricted shares, share units and stock options		3,140	167	(2,973)
Annual incentive plan ("AIP")	B	**6,596**	**2,676**	**(3,920)**
Cash component		1,300	(2,656)	(3,956)
Share units and stock options		37	1,963	1,926
Long-term incentive plan ("LTIP")	C	**1,337**	**(693)**	**(2,030)**
Total compensation expense	A + B + C	**$ 17,750**	**$ 10,408**	**$ (7,342)**

Compensation expense for the three months ended March 31, 2021 was $17.8 million, an increase of $7.3 million compared to the same period in the prior year. The variance is attributable to:

- An increase of $3.9 million in AIP expense, primarily driven by performance share units (PSUs) which are revalued to reflect changes in the Company's share price. In the three months ended March 31, 2021, the Company's share price increased by $1.25 per share, on a USD-converted basis, compared to a decrease of $3.33 per share in the comparative period driven by the negative economic environment at the onset of the COVID-19 pandemic. In addition, a larger AIP accrual was made for the current year reflecting increases in headcount (as noted below), along with expanded AIP eligibility as Tricon transitioned to a unified company and realigned the senior management team.
- An increase of $2.0 million in LTIP expense, largely related to cash-settled LTIP expense attributable to higher estimated future performance fees from Investment Vehicles that are expected to be paid to management under the LTIP. The comparative period reflects a reduction in accrued cash-settled LTIP expense, corresponding with the write-down of Tricon's investments in for-sale housing brought on by the COVID-19 pandemic.
- An increase of $1.4 million in payroll costs related to an approximately 10% increase in headcount to support Tricon's continued growth as well as normal course salary adjustments.

General and administration expense

The following table presents general and administration expense for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
General and administration expense	$ 8,403	$ 9,711	$ 1,308

General and administration expense for the three months ended March 31, 2021 was $8.4 million, a decrease of $1.3 million compared to the same period in the prior year, benefiting from lower travel expenses and office costs as a result of extended work-from-home orders during the COVID-19 pandemic.

Interest expense

The following table provides details regarding interest expense for the three months ended March 31, 2021 and 2020 by borrowing type and nature.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Corporate borrowings	$ 1,201	$ 4,654	$ 3,453
Property-level borrowings	24,097	25,646	1,549
Convertible debentures	2,451	2,465	14
Due to Affiliate	4,313	–	(4,313)
Amortization of deferred financing costs, discounts and lease obligations	4,013	2,124	(1,889)
Total interest expense	**$ 36,075**	**$ 34,889**	**$ (1,186)**
Weighted average interest rate	**2.95%**	**3.74%**	**0.79%**

Interest expense was $36.1 million for the three months ended March 31, 2021, an increase of $1.2 million compared to $34.9 million for the same period last year. The variance is primarily attributable to:

- An increase of $4.3 million in interest expense on the Due to Affiliate balance in connection with the preferred unit issuance in September 2020. These interest payments are to fund dividend payments by Tricon PIPE LLC.
- An increase of $1.9 million in the amortization of deferred financing costs and discounts, attributable to costs incurred for the aforementioned Due to Affiliate and incremental debt for the acquisition of single-family rental homes.
- A partially offsetting decrease of $3.5 million in interest expense on corporate borrowings, primarily due to lower outstanding borrowings as at period end (a reduction of $306.5 million from $325.5 million as at March 31, 2020 to $19.0 million as at March 31, 2021) together with a decrease in the average effective interest rate. The average effective interest rate on the corporate credit facility decreased by 2.16% (from 5.34% in Q1 2020 to 3.18% in Q1 2021), primarily driven by a 1.28% decrease in LIBOR (from 1.40% in Q1 2020 to 0.12% in Q1 2021) and a 1.00% decrease in LIBOR spread.
- A further decrease of $1.5 million in property-level interest expense as a result of a 0.61% decrease in the average effective interest rate, outweighing the impact of a $0.5 billion increase in the property-level debt balance. This decrease in the effective interest rate was partially driven by the 1.28% decrease in LIBOR as noted above.

Fair value gain on rental properties

The following table presents the fair value gain on rental properties held by the Company for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Fair value gain on rental properties	$ 112,302	$ 20,637	$ 91,665

Fair value gain on single-family rental properties was $112.3 million for the three months ended March 31, 2021, an increase of $91.7 million compared to $20.6 million for the same period last year. The fair value of single-family rental homes is typically determined by using a combination of Broker Price Opinion ("BPO") and Home Price Index ("HPI") methodologies. Refer to Note 4 in the condensed interim consolidated financial statements for further details.

The higher home values for Tricon's single-family rental portfolio are attributable to a number of factors, including population growth in Sun Belt markets owing to in-migration, as well as de-urbanization, de-densification, and work-from-home trends and low mortgage interest rates, all of which have strengthened demand for suburban homes. This increased demand coupled with limited single-family home inventory has created a very competitive housing market. This imbalance of supply and demand drove HPI growth to 2.4% (9.6% annualized), net of capital expenditures, compared to 0.6% (2.4% annualized) in the same period in the prior year. The HPI and BPO methodologies were also applied to a larger portfolio of homes (23,502 homes in Q1 2021 compared to 21,535 in Q1 2020), driving even higher fair value gains.

Fair value loss on derivative financial instruments and other liabilities

The following table presents the fair value loss on derivative financial instruments and other liabilities for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Fair value loss on derivative financial instruments and other liabilities	$ (37,172)	$ (2,144)	$ (35,028)

For the three months ended March 31, 2021, the fair value loss on derivative financial instruments and other liabilities increased by $35.0 million to $37.2 million compared to $2.1 million in the same period in the prior year. This unfavourable variance is mainly attributable to the new derivative liability recognized in the third quarter of 2020 in connection with the exchangeable preferred units issued by Tricon PIPE LLC.

The fair value loss on the derivative financial instruments was driven by an overall increase in Tricon's share price, on a USD-converted basis, which served to increase the probability of exchange of the exchangeable preferred units or conversion of the 2022 debentures into Tricon's common shares. This increased conversion probability drove the increase in the derivative liability of the Company.

Net change in fair value of limited partners' interests in single-family rental business

Ownership interests in the single-family rental joint venture ("SFR JV-1") are in the form of non-controlling limited partnership interests which are classified as liabilities under the provisions of IFRS. The following table presents the net change in fair value of limited partners' interests in the single-family rental business for the three months ended March 31, 2021.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Net change in fair value of limited partners' interests in single-family rental business	$ (26,141)	$ (5,451)	$ (20,690)

For the three months ended March 31, 2021, the change in fair value of limited partners' interests in the single-family rental business was $26.1 million compared to $5.5 million for the same period in the prior year, representing an increase in non-controlling limited partners' interests of $20.7 million. This increase mainly reflects additional income earned from SFR JV-1 during the period that is attributable to the Company's joint venture partners. The higher income was mainly driven by a $17.8 million increase in the partners' share of fair value gain on rental properties and a $4.2 million increase in NOI, which were partially offset by a $1.0 million increase in interest expense.

Income tax (expense) recovery from continuing operations

The following table provides details regarding income tax (expense) recovery from continuing operations for the three months ended March 31, 2021 and 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Income tax recovery (expense) – current	$ 44,473	$ (62)	$ 44,535
Income tax (expense) recovery – deferred	(67,127)	10,967	(78,094)
Income tax (expense) recovery from continuing operations	**$ (22,654)**	**$ 10,905**	**$ (33,559)**

For the three months ended March 31, 2021, income tax expense from continuing operations was $22.7 million, an increase of $33.6 million compared to an income tax recovery of $10.9 million in the same period in the prior year. This change is primarily driven by an increase in deferred tax expense. The Company's higher deferred tax expense resulted from (i) the crystallization of tax losses carried forward from prior years, which were previously recorded as deferred tax recoveries, and (ii) a higher fair value gain on the single-family rental properties. The crystallization of tax losses allowed the Company to largely offset cash taxes triggered by the sale of the Company's 80% interest in the U.S. multi-family portfolio, and hence Tricon recorded a $44.5 million current tax recovery from continuing operations.

Net (loss) income from discontinued operations

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Net operating income from multi-family rental properties	$ 16,224	$ 17,085	$ (861)
Interest expense	(7,845)	(9,054)	1,209
Other expenses	(1,176)	(1,504)	328
Goodwill derecognition	(79,112)	–	(79,112)
Transaction costs	(3,285)	–	(3,285)
Marked to market adjustment on rental properties	(2,030)	–	(2,030)
(Loss) income before income taxes from discontinued operations	**$ (77,224)**	**$ 6,527**	**$ (83,751)**
Current income tax expense arising from the sale[(1)]	(46,502)	–	(46,502)
Deferred income tax recovery (expense)	56,164	(499)	56,663
Net (loss) income from discontinued operations	**$ (67,562)**	**$ 6,028**	**$ (73,590)**

(1) The sale gave rise to current income tax expense since the transaction value exceeded the tax cost basis and resulted in a taxable gain.

On March 31, 2021, the Company completed its previously announced joint venture arrangement with two institutional investors. Under the arrangement, the two third-party investors acquired a combined 80% interest in the existing U.S. multi-family rental portfolio with Tricon retaining a 20% interest in the joint venture. The sale reflected a total portfolio value of $1.331 billion including in-place debt, which was in line with the portfolio's fair value reflected on Tricon's balance sheet as of December 31, 2020. Tricon recognized its remaining 20% interest at fair value on the transaction date and proceeded to account for it as an equity-accounted investment. The business' current- and prior-period results were reclassified as discontinued operations separate from the Company's continuing operations.

The transaction resulted in a derecognition of goodwill that was previously recognized by the Company when Tricon transitioned to a rental housing company effective January 1, 2020. Goodwill of $79.1 million arose from the initial recognition of deferred tax liabilities based on the difference in the tax bases and the fair values of the net assets deemed to have been acquired on the transition day. The Company's disposition of an 80% interest in the business constituted a loss of control from an accounting perspective, and therefore, the entire balance sheet of the U.S. multi-family rental business and the associated goodwill on the corporate balance sheet were deconsolidated. This deconsolidation loss was partially offset by a $9.7 million favourable tax impact, including i) a $56.2 million tax recovery achieved through the reversal of the deferred tax liability associated with the portfolio, and ii) a $46.5 million current tax expense arising from the sale. The current tax expense was then applied against the $44.5 million current tax recovery from continuing operations, resulting in only $2.0 million of current tax payable for the quarter.

The sale resulted in cash consideration of $431.6 million, which Tricon used in part to repay $182.6 million of debt (including $107.6 million of its U.S. multi-family credit facility and $75.0 million of the corporate credit facility) and reduced its leverage by 750 basis points to 49.1% net debt to assets from 56.6% at December 31, 2020 (see Section 3.2), enhancing its balance sheet flexibility. The Company intends to use the remaining proceeds from the sale to further reduce in-place debt and for general corporate purposes. The joint venture also gives Tricon the opportunity to earn incremental property management, asset management and performance fees from managing the associated third-party capital.

3.2 Review of selected balance sheet items

As at (in thousands of U.S. dollars)	March 31, 2021	December 31, 2020
ASSETS		
Non-current assets		
Rental properties	$ 5,295,848	$ 6,321,918
Equity-accounted investments in multi-family rental properties	127,584	19,913
Equity-accounted investments in Canadian residential developments	77,152	74,955
Canadian development properties	112,733	110,018
Investments in U.S. residential developments	160,784	164,842
Restricted cash	97,299	116,302
Goodwill	29,726	108,838
Intangible assets	11,375	12,363
Other assets	51,170	47,990
Deferred income tax assets	59,659	102,444
Derivative financial instruments	–	841
Total non-current assets	**6,023,330**	**7,080,424**
Current assets		
Cash	294,693	55,158
Amounts receivable	40,803	25,593
Prepaid expenses and deposits	17,741	13,659
Total current assets	**353,237**	**94,410**
Total assets	**$ 6,376,567**	**$ 7,174,834**
LIABILITIES		
Non-current liabilities		
Long-term debt	$ 3,185,112	$ 3,863,316
Convertible debentures	167,193	165,956
Due to Affiliate	252,788	251,647
Derivative financial instruments	81,825	45,494
Limited partners' interests in single-family rental business	413,105	356,305
Long-term incentive plan	19,083	17,930
Other liabilities	5,913	4,599
Deferred income tax liabilities	266,039	298,071
Total non-current liabilities	**4,391,058**	**5,003,318**
Current liabilities		
Amounts payable and accrued liabilities	76,092	98,290
Resident security deposits	46,934	45,157
Dividends payable	10,792	10,641
Current portion of long-term debt	143,003	274,190
Total current liabilities	**276,821**	**428,278**
Total liabilities	**4,667,879**	**5,431,596**
Equity		
Share capital	1,195,044	1,192,963
Contributed surplus	19,708	19,738
Cumulative translation adjustment	25,390	23,395
Retained earnings	461,979	499,000
Total shareholders' equity	1,702,121	1,735,096
Non-controlling interest	6,567	8,142
Total equity	**1,708,688**	**1,743,238**
Total liabilities and equity	**$ 6,376,567**	**$ 7,174,834**

Rental properties

The table below presents the changes in the fair value of rental properties by business segment for the three months ended March 31, 2021 and the year ended December 31, 2020.

	March 31, 2021			December 31, 2020		
(in thousands of U.S. dollars)	Single-Family Rental	Multi-Family Rental	Total	Single-Family Rental	Multi-Family Rental	Total
Opening balance	$ 4,990,542	$ 1,331,376	$ 6,321,918	$ 4,337,681	$ 1,344,844	$ 5,682,525
Acquisitions	163,922	–	163,922	356,514	–	356,514
Capital expenditures	32,259	2,030	34,289	93,568	9,067	102,635
Fair value adjustments	112,302	–	112,302	220,849	(22,535)	198,314
Dispositions	(3,177)	(1,333,406)	(1,336,583)	(18,070)	–	(18,070)
Balance, end of period	**$ 5,295,848**	**$ –**	**$ 5,295,848**	**$ 4,990,542**	**$ 1,331,376**	**$ 6,321,918**

Rental properties decreased by $1.0 billion to $5.3 billion as at March 31, 2021, from $6.3 billion as at December 31, 2020. The decrease was driven by:

- The disposition of an 80% interest in the U.S. multi-family portfolio on March 31, 2021, which resulted in the deconsolidation of $1.3 billion of rental properties. The Company's remaining 20% interest in the U.S. multi-family rental joint venture is equity-accounted effective March 31, 2021.
- Acquisitions of 762 single-family rental homes for $163.9 million, partially offset by the disposition of 21 properties with an aggregate carrying value of $3.2 million.
- Capital expenditures of $34.3 million of which $32.3 million was attributable to the renovation of newly-acquired single-family homes, and the remainder for the maintenance and improvement of homes across the existing single-family rental portfolio.
- Fair value gain of $112.3 million on the single-family rental portfolio driven by very strong demand for single-family homes, as previously discussed, combined with relatively limited supply in the Company's Sun Belt markets that contributed to significant home price appreciation.

Equity-accounted investments in multi-family rental properties

Equity-accounted investments in multi-family rental properties include Tricon's 20% interest in the new U.S. multi-family rental joint venture formed on March 31, 2021 along with its 15% investment in 592 Sherbourne LP, which owns The Selby. The table below presents the change in equity-accounted investments in multi-family rental properties for the three months ended March 31, 2021 and the year ended December 31, 2021.

(in thousands of U.S. dollars)	March 31, 2021	December 31, 2020
Opening balance[1]	$ 19,913	$ 19,733
Initial recognition of equity-accounted investment in U.S. multi-family rental properties	107,895	–
Advances	453	–
Distributions	(466)	(935)
(Loss) income from equity-accounted investments in multi-family rental properties	(457)	746
Translation adjustment	246	369
Balance, end of period	**$ 127,584**	**$ 19,913**

(1) As at December 31, 2020, Tricon's equity-accounted investments in multi-family properties include The Selby only.

Equity-accounted investments in multi-family rental properties increased by $107.7 million to $127.6 million as at March 31, 2021 compared to $19.9 million as at December 31, 2020. The increase was primarily attributable to the initial recognition of Tricon's equity-accounted investment in the U.S. multi-family rental joint venture on March 31, 2021.

Equity-accounted investments in Canadian residential developments

The table below presents the change in equity-accounted investments in Canadian residential developments for the three months ended March 31, 2021 and the year ended December 31, 2021.

(in thousands of U.S. dollars)	March 31, 2021	December 31, 2020
Opening balance	$ 74,955	$ 55,408
Advances	1,256	4,294
(Loss) income from equity-accounted investments in Canadian residential developments	(3)	13,378
Translation adjustment	944	1,875
Balance, end of period	**$ 77,152**	**$ 74,955**

Equity-accounted investments in Canadian residential developments increased by $2.2 million to $77.2 million as at March 31, 2021 compared to $75.0 million as at December 31, 2020. The increase was primarily attributable to advances of $1.3 million to fund development activities, and a favourable foreign exchange translation adjustment of $0.9 million that was driven by a stronger Canadian dollar.

Canadian development properties

The table below presents the change in investments in Canadian development properties, which are comprised of The James (Scrivener Square) and The Shops of Summerhill, for the three months ended March 31, 2021 and the year ended December 31, 2021.

(in thousands of U.S. dollars)	March 31, 2021	December 31, 2020
Opening balance	$ 110,018	$ 35,625
Acquisitions	–	65,861
Development expenditures	1,332	2,998
Translation adjustment	1,383	5,534
Balance, end of period	**$ 112,733**	**$ 110,018**

Canadian development properties increased by $2.7 million to $112.7 million as at March 31, 2021 compared to $110.0 million as at December 31, 2020. The increase was primarily attributable to a favourable foreign exchange translation adjustment of $1.4 million driven by a stronger Canadian dollar, along with development expenditures of $1.3 million at The James.

Investments in U.S. residential developments

The table below presents the change in investments in U.S. residential developments for the three months ended March 31, 2021 and the year ended December 31, 2020.

(in thousands of U.S. dollars)	March 31, 2021	December 31, 2020
Balance, beginning of period	$ 164,842	$ 300,653
Advances	1,517	3,408
Distributions	(12,234)	(77,443)
Income (loss) from investments in U.S. residential developments	6,659	(61,776)
Balance, end of period	**$ 160,784**	**$ 164,842**

Investments in U.S. residential developments decreased by $4.1 million to $160.8 million as at March 31, 2021 compared to $164.8 million as at December 31, 2020. The decrease was primarily attributable to distributions of $12.2 million, which were largely in line with budgeted cash flows and incorporated the strategic disposition of the Company's interest in an active-adult project, partially offset by investment income of $6.7 million driven by positive project performance during the quarter.

Debt

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

As at (in thousands of U.S. dollars)	March 31, 2021	December 31, 2020	Variance
Single-family rental properties borrowings	$ 3,270,130	$ 3,156,601	$ 113,529
Multi-family rental properties borrowings	–	910,340	(910,340)
Canadian development properties borrowings	53,015	60,037	(7,022)
Corporate borrowings	30,151	37,089	(6,938)
	$ 3,353,296	**$ 4,164,067**	**$ (810,771)**
Transaction costs (net of amortization)	(23,752)	(25,019)	1,267
Debt discount (net of amortization)	(1,429)	(1,542)	113
Total debt per balance sheet[(1)]	**$ 3,328,115**	**$ 4,137,506**	**$ (809,391)**
Cash and restricted cash	(391,992)	(171,460)	(220,532)
Net debt	**$ 2,936,123**	**$ 3,966,046**	**$ (1,029,923)**
Total assets	**$ 6,376,567**	**$ 7,174,834**	**$ (798,267)**
Net debt to assets[(2)]	49.1%	56.6%	

(1) Excludes the 2022 convertible debentures and Due to Affiliate.

(2) Calculated by dividing net debt by total assets (net of cash and restricted cash).

Net debt decreased by $1.0 billion to $2.9 billion as at March 31, 2021, from $4.0 billion as at December 31, 2020. The variance was primarily attributable to:

- A reduction of $910.3 million in multi-family rental borrowings in connection with the Company's sale of 80% of its interests in the U.S. multi-family rental business on March 31, 2021. This transaction resulted in the deconsolidation of $800.5 million of long-term debt and full repayment of an associated $109.9 million credit facility with a portion of the proceeds from the sale.
- An increase of $113.5 million in single-family rental properties borrowings driven by additional debt incurred to finance home acquisitions.
- A decrease of $7.0 million in Canadian development properties borrowings attributable to a partial repayment of assumed debt and vendor take-back loans relating to The James.
- An increase of $220.5 million in cash and restricted cash, primarily from the proceeds received upon the sale of an 80% interest in the U.S. multi-family business as discussed above.

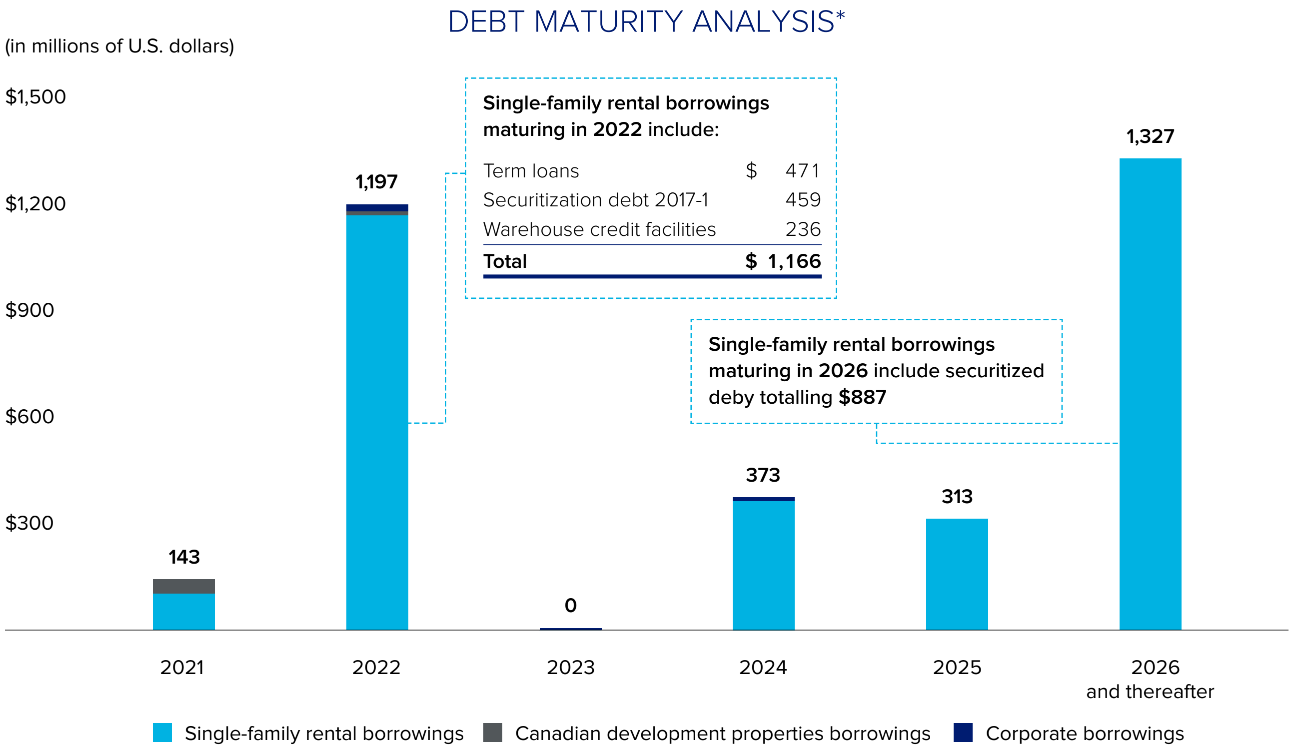
The weighted average interest rate applicable to debt owed by the Company as at March 31, 2021 was 2.95%. The following table summarizes the debt structure and leverage position as at March 31, 2021:

(in thousands of U.S. dollars) Debt structure	Balance	% of total	Weighted average interest rate	Weighted average time to maturity (years)
Fixed	$ 2,503,279	74.7%	3.06%	4.2
Floating	850,017	25.3%	2.63%	0.9
Total/Weighted average	**$ 3,353,296**	**100.0%**	**2.95%**	**3.4**

As at March 31, 2021, Tricon's near-term debt maturities include (i) a land loan and a vendor take-back loan totalling $40.9 million in connection with Tricon's Canadian residential developments and (ii) the SFR JV-1 subscription facility of $102.0 million. The SFR JV-1 subscription facility will be repaid jointly with the limited partners as per the joint venture agreement.

The sale of the U.S. multi-family portfolio described above lowered Tricon's weighted average interest rate by 0.17% to 2.95% compared to 3.12% in the previous quarter. The transaction also reduced the weighted average time to maturity of Tricon's debt to 3.4 years as at March 31, 2021 (a decrease of 0.3 years from the previous quarter), given the multi-family rental properties borrowings had a weighted average maturity of 3.7 years.

Tricon's debt maturities as at March 31, 2021 are presented below, assuming the exercise of all extension options.



*Assumes the exercise of all extension options.

3.3 Subsequent events

COVID-19 related business update

In light of the ongoing COVID-19 pandemic, the Company is providing a more current update on its rental operations.

In the single-family rental business, same home occupancy for April increased nominally to 97.5%. As of April 30, 2021, the Company had collected 95% of April rents. The Company continues to collect April rents and expects the percentage collected to increase. Average blended rent growth for the same home portfolio in April increased to 8.0%, driven by 16.3% growth on new move-ins and 4.4% growth on renewals.

In the multi-family rental business, same property occupancy for April improved to 95.2%. As of April 30, 2021, the Company had collected 96% of April rents, compared to 94% on the same calendar day in March and February. Average blended rent growth for the same property portfolio in April increased significantly to 7.5%, driven by 9.5% growth on new move-ins and 4.9% growth on renewals.

Homebuilder Direct

Subsequent to quarter-end, on May 10, 2021, the Company announced a new single-family rental joint venture ("Homebuilder Direct") with two institutional investors to acquire newly built homes. The joint venture will have an initial equity capitalization of $300 million (one-third from each partner), with the partners having the option to increase their commitment up to $150 million each, for a total peak target commitment of $450 million or up to $1.5 billion of purchasing potential when including associated leverage. This will enable the joint venture to acquire approximately 5,000 new single-family homes, primarily from national and regional homebuilders, including both scattered site homes and finished build-to-rent communities.

Quarterly dividend

On May 11, 2021, the Board of Directors of the Company declared a dividend of seven cents per common share in Canadian dollars payable on or after July 15, 2021 to shareholders of record on June 30, 2021.

4

OPERATING RESULTS OF BUSINESSES

4. OPERATING RESULTS OF BUSINESSES

Management believes that information concerning the underlying activities within each of the Company's operating businesses is useful for investors in understanding the Company's overall performance, and this section presents key operating highlights for the quarter on a business-by-business basis. Although the Company's performance is primarily measured by Core FFO per share, as set out in Section 1.1, management also monitors the underlying activities within those businesses using KPIs to provide a better understanding of the performance of the Company. A list of these KPIs, together with a description of the information each measure reflects and the reasons why management believes the measure to be useful or relevant in evaluating the underlying performance of the Company's businesses, is set out in Section 7.1. The supplemental measures presented herein are not recognized under IFRS and should not be construed as alternatives to net income determined in accordance with IFRS as indicators of Tricon's financial performance. Tricon's method of calculating these measures may differ from other issuers' methods and, accordingly, these measures may not be comparable to similar measures presented by other publicly-traded entities.

The financial results and performance metrics in Section 4 and throughout this document reflect Tricon's proportionate share of results, unless otherwise stated.

Operational highlights by segment

The following table summarizes Tricon's proportionate share of operating results and key performance metrics for each business segment. Refer to Section 5 for a reconciliation of Tricon's proportionate financial results from each segment to consolidated figures under IFRS.

For the three months ended March 31 (in thousands of U.S. dollars, except percentages and units)	2021	2020
SINGLE-FAMILY RENTAL *(Refer to Section 4.1)*		
Total rental homes managed	23,502	21,535
Net operating income (NOI)(1)	$ 51,627	$ 47,668
Same home net operating income (NOI) margin(1)	66.7%	66.0%
Same home net operating income (NOI) margin, excluding storm impact(1),(2)	67.1%	66.0%
Same home net operating income (NOI) growth(1)	4.1%	N/A
Same home net operating income (NOI) growth, excluding storm impact(1),(2)	4.9%	N/A
Same home occupancy(1)	97.3%	96.5%
Same home annualized turnover(1)	20.6%	21.4%
Same home average quarterly rent growth – renewal(1)	4.1%	5.1%
Same home average quarterly rent growth – new move-in(1)	12.3%	6.9%
Same home average quarterly rent growth – blended(1)	6.6%	5.6%
MULTI-FAMILY RENTAL *(Refer to Section 4.2)*		
U.S. multi-family rental(3),(4) – *See Section 4.2.1*		
Total suites managed	7,289	7,289
Net operating income (NOI)	$ 16,224	$ 17,085
Net operating income (NOI) margin	57.6%	59.8%
Occupancy	94.6%	94.4%
Annualized turnover	43.8%	47.5%
Average quarterly rent growth – renewals	3.5%	3.4%
Average quarterly rent growth – new move-in	2.4%	(1.7%)
Average quarterly rent growth – blended	2.9%	1.1%
Canadian multi-family rental(5) – *See Section 4.2.2*		
Total suites managed	500	500
Net operating income (NOI)(6)	$ 231	$ 243
Net operating income (NOI) margin(6)	57.8%	62.4%
Occupancy(6)	83.6%	85.8%
Annualized turnover(6)	24.8%	10.4%
Average quarterly rent growth – blended(6)	(6.5%)	2.4%
RESIDENTIAL DEVELOPMENT *(Refer to Section 4.3)*		
Investments in residential developments(7)	$ 303,565	$ 292,958
Cash distributions from investments to Tricon excluding performance fees	12,234	51,478
PRIVATE FUNDS AND ADVISORY *(Refer to Sections 3.1 and 4.4)*		
Revenue from private funds and advisory services	$ 8,930	$ 7,815
Third-party AUM(8)	3,852,056	2,480,174

(1) Operating metrics are stated at Tricon's proportionate share of the managed portfolio and exclude limited partners' interests in the SFR JV-1 portfolio.

(2) The same home NOI margin and NOI growth exclude the impact of a severe winter storm in Texas in Q1 2021.

(3) For the three months ended March 31, 2021 and 2020, the operational highlights from U.S. multi-family rental represent Tricon's legacy 100% ownership interest in the portfolio given that the transaction occurred on the last day of the period. Effective April 1, 2021, Tricon's 20% interest in the joint venture will be presented in the operational highlights, as the Company no longer holds the remaining 80% interest in its U.S. multi-family rental portfolio.

(4) For the three months ended March 31, 2021, the total property results equate to same property results for the U.S. multi-family rental portfolio.

(5) Presented within equity-accounted investments in multi-family rental properties and loss from equity-accounted investments in multi-family rental properties, respectively, on the Company's balance sheet and income statement. Tricon's proportionate share of the operating results and key performance metrics is presented to provide more insight into underlying property operations.

(6) Operating metrics are stated at Tricon's proportionate share of the managed portfolio and exclude limited partner's interest in The Selby.

(7) Represents Tricon's equity-accounted investments in Canadian residential developments, Canadian development properties (net of debt) and investments in U.S. residential developments.

(8) KPI measure; see Section 7.2.

4.1 Single-Family Rental

The discussion and presentation of the single-family rental operating metrics and results throughout this section reflect Tricon's proportionate share of the business, including its proportionate share of the Company's single-family rental joint venture ("SFR JV-1"), unless otherwise stated.

Operating results overview

The Company's single-family rental business continued to benefit from de-urbanization, de-densification and work-from-home trends that have accelerated over the course of the COVID-19 pandemic, making Tricon's Sun Belt markets and suburban rental homes an increasingly attractive option for many families. Positive demographic drivers in Tricon's Sun Belt markets, including strong in-migration and demand from millennials for single-family housing, combined with an increasingly competitive for-sale housing market experiencing double-digit home price appreciation, have also contributed to the growing demand for rental housing.

Above all, Tricon's Sun Belt middle-market strategy has proven to be resilient throughout this economic down cycle. Tricon's relatively low average rent-to-income ratio of 22–23% and stable resident base with average household incomes of $85,000 (based on the prior six months of new move-ins) allowed the single-family rental business to weather a large portion of the negative economic effects caused by the COVID-19 pandemic.

Growth in the portfolio coupled with strong operating trends resulted in total NOI increasing by 8.3% compared to the prior year period, to $51.6 million for the quarter. Operating highlights for the total portfolio included a NOI margin of 66.9%, occupancy of 96.3% and blended rent growth of 6.4%. Blended rent growth was comprised of 12.1% growth on new leases as well as 4.0% growth on renewals, reflecting the Company's policy of moderating rent increases for current residents. Management expects that a favourable supply-demand imbalance coupled with inherent portfolio loss-to-lease, estimated conservatively to be 7% to 9% of current rents, will continue to drive robust rent growth in 2021 and beyond (see "Non-IFRS measures and forward-looking statements" on page 1).

The winter storm that swept across Texas in February impacted approximately 650 of Tricon's single-family rental homes in the state. Tricon responded swiftly to the impact of the storm by mobilizing field personnel across the southeast to help local team members assess property conditions and complete repairs. The Company estimates total property damage of $2.0 million, of which $1.8 million is expected to be covered by insurance. During the quarter, the Company expensed $0.3 million for minor repairs and capitalized $0.5 million in relation to major restoration work.

For the same home portfolio, NOI was $46.2 million for the three months ended March 31, 2021, an increase of $1.8 million or 4.1% compared to the same period in 2020. Excluding the impact of the Texas storm-related expenses, same home NOI would have been $46.5 million, representing a 4.9% increase year-over-year. The favourable variance in NOI was attributable to an increase of $3.3 million or 5.1% in rental revenue, partially offset by a $0.2 million or 0.9% increase in direct operating expenses.

The growth in rental revenue reflected higher average monthly rent ($1,482 in Q1 2021 vs. $1,421 in Q1 2020) as well as a 0.8% increase in occupancy to 97.3%. This variance was partially offset by higher bad debt expense reflecting heightened delinquency rates on account of the COVID-19 pandemic as U.S. unemployment remained higher than pre-pandemic levels. Bad debt expense was 2.1% of revenues compared to 0.8% in the comparative period.

The growth in direct operating expenses was led by a $0.4 million increase in property taxes as property values continued to appreciate, as well as a $0.1 million increase in property insurance expense reflecting higher insurance premiums across the industry. These increases were partially offset by a $0.3 million reduction in repairs, maintenance and turnover costs attributable to a lower turnover rate of 20.6% (compared to 21.4% in Q1 2020), controlled scoping of maintenance work and higher resident recoveries.

In the first quarter, the Company continued to expand its portfolio by acquiring 762 homes at an average cost per home of $236,000, including up-front renovations. Management expects to acquire 1,000 homes or more in the second quarter of 2021 through its organic resale acquisition program and supplemented by portfolio acquisitions, the direct purchase of newly-constructed ("build-to-rent") single-family rental home communities and individual new homes from homebuilders. While home prices continued to appreciate in Tricon's acquisition markets, rents have also been increasing at a similar pace, allowing the Company to maintain its targeted pace of acquisitions at attractive cap rates. Management continues to see a vast growth opportunity in single-family rental as Tricon's annual acquisitions represent a negligible percentage of resale home volumes in its Sun Belt markets.

Portfolio details – total

The table below provides a summary of the single-family rental home portfolio, reflecting information for all homes managed by Tricon, including all homes owned by SFR JV-1 and homes wholly-owned by Tricon.

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Tricon wholly-owned homes	15,375	15,355	15,384	15,410	15,429
SFR JV-1 homes (34% TCN / 66% JV Partners)	8,160	7,439	6,597	6,212	6,154
Total homes managed	23,535	22,794	21,981	21,622	21,583
Less homes held for sale	33	28	33	40	48
Rental homes	23,502	22,766	21,948	21,582	21,535
Homes acquired	762	842	388	68	538
Less homes disposed	(21)	(29)	(29)	(29)	(32)
Net homes acquired during the quarter(1)	741	813	359	39	506

(1) Of the homes acquired during the quarter, 722 were acquired by SFR JV-1 and 40 wholly-owned homes were acquired. Of the homes disposed during the quarter, one home was disposed by SFR JV-1 and 20 wholly-owned homes were disposed.

Geography	Rental homes	Average vintage	Average total cost per home (in U.S. dollars)	Average size (sq. feet)	Tricon % ownership
Atlanta	5,441	1997	$ 161,000	1,754	77.7%
Charlotte	2,741	1999	175,000	1,589	67.5%
Columbia	1,101	2009	287,000	1,924	33.7%
Nashville	946	1997	139,000	1,506	64.0%
Raleigh	322	2006	217,000	1,511	33.7%
Southeast United States	**10,551**	**1999**	**$ 178,000**	**1,699**	**67.9%**
Phoenix	2,063	1995	$ 186,000	1,691	100.0%
Northern California	998	1970	225,000	1,303	100.0%
Las Vegas	614	1996	185,000	1,654	100.0%
Southern California	267	1963	192,000	1,312	100.0%
Reno	248	1981	182,000	1,549	100.0%
Western United States	**4,190**	**1986**	**$ 195,000**	**1,560**	**100.0%**
Dallas	1,803	1991	$ 172,000	1,583	75.6%
Houston	1,538	1994	163,000	1,607	71.4%
San Antonio	598	2000	170,000	1,618	61.8%
Texas	**3,939**	**1993**	**$ 168,000**	**1,598**	**71.9%**
Tampa	1,859	1988	$ 183,000	1,556	85.2%
Southeast Florida	763	1995	168,000	1,512	72.4%
Jacksonville	687	1968	177,000	1,423	100.0%
Orlando	489	1989	187,000	1,478	91.5%
Florida	**3,798**	**1986**	**$ 179,000**	**1,513**	**86.1%**
Indianapolis	1,024	2002	$ 158,000	1,638	61.8%
Midwest United States	**1,024**	**2002**	**$ 158,000**	**1,638**	**61.8%**
Total/Weighted average	**23,502**	**1994**	**$ 179,000**	**1,625**	**77.0%**

Dedicated rental home communities (build-to-rent)

Tricon currently owns seven build-to-rent communities totalling 598 homes and has a robust acquisition and development pipeline that is expected to increase its community count by an additional 15 to 20 communities over the next two years (see "Non-IFRS measures and forward-looking statements" on page 1). These communities are located across Tricon's target geographic markets and offer residents the benefits of living in a new home and typically include shared amenities such as parks, playgrounds, pools and community gathering spaces.

Community	Location	Number of Homes (at completion)	Status
Vistancia	Phoenix, AZ	136	Stabilized
Canterbury Crossings	Charlotte, NC	36	Stabilized
Hillwood Court	Nashville, TN	50	Stabilized
Hickory Station	Nashville, TN	67	Stabilized
Carriage Hills	Atlanta, GA	65	Stabilized
Palomino Ranch	Houston, TX	120	Under development
Trails at Culebra[1]	San Antonio, TX	124	Under development
Total		**598**	

(1) The homes in this community are not included in the rental homes portfolio; however, they are part of Tricon's build-to-rent strategy currently being pursued within the existing THPAS JV-1 joint venture investment vehicle (see Section 4.3.2).

Quarterly operating trends – Tricon's proportionate share of the total portfolio

Proportionate operating metrics	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Occupancy	96.3%	96.4%	97.3%	97.1%	95.5%
Annualized turnover rate	20.8%	22.3%	26.3%	23.5%	21.4%
Average monthly rent	$ 1,483	$ 1,464	$ 1,450	$ 1,432	$ 1,420
Average quarterly rent growth – renewal	4.0%	2.9%	2.4%	3.2%	5.3%
Average quarterly rent growth – new move-in	12.1%	10.7%	11.6%	7.5%	7.5%
Average quarterly rent growth – blended	6.4%	5.4%	5.1%	4.5%	5.9%

4.1 Single-Family Rental

Operating results – Tricon's proportionate share of the total portfolio

For the three months ended March 31 (in thousands of U.S. dollars)	2021	% of revenue	2020[1]	% of revenue	Variance	% Variance
Rental revenue	$ 76,468		$ 70,567		$ 5,901	8.4%
Concessions and abatements	(336)		(421)		85	20.2%
Fees and other revenue	2,640		2,813		(173)	(6.2%)
Bad debt expense	(1,611)		(580)		(1,031)	(177.8%)
Total revenue from rental properties	**$ 77,161**	**100.0%**	**$ 72,379**	**100.0%**	**$ 4,782**	**6.6%**
Property taxes	12,217	15.8%	11,540	15.9%	(677)	(5.9%)
Repairs, maintenance and turnover	4,685	6.1%	4,992	6.9%	307	6.1%
Property management expenses	5,134	6.7%	4,941	6.8%	(193)	(3.9%)
Property insurance	1,192	1.5%	1,070	1.5%	(122)	(11.4%)
Marketing and leasing	247	0.3%	244	0.3%	(3)	(1.2%)
Homeowners' association (HOA) costs	1,023	1.3%	941	1.3%	(82)	(8.7%)
Other direct expenses	1,036	1.3%	983	1.4%	(53)	(5.4%)
Total direct operating expenses	**$ 25,534**		**$ 24,711**		**$ (823)**	**(3.3%)**
Net operating income (NOI)[2],[3]	**$ 51,627**		**$ 47,668**		**$ 3,959**	**8.3%**
Net operating income (NOI) margin[2],[3]	**66.9%**		**65.9%**			

(1) The Company elected to replace its property management expense with directly incurred property-level compensation costs effective January 1, 2021. The property management expense above represents property-level operations personnel costs. Marketing and leasing expenses that were previously included in the property management expense have now been reclassified as a separate line item. The comparative period has been reclassified to conform with the current period presentation, and there was no impact on NOI or NOI margin as a result of this change in presentation.

(2) KPI measures; see Section 7.1.

(3) NOI and NOI margin include the impacts of a severe winter storm in Texas in Q1 2021. The following table excludes the non-recurring repairs and concessions offered in relation to the Texas storm:

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	% Variance
Total revenue from rental properties	$ 77,249	$ 72,379	6.7%
Total direct operating expenses	25,270	24,711	(2.3%)
Net operating income (NOI), excluding storm impact	**$ 51,979**	**$ 47,668**	**9.0%**
Net operating income (NOI) margin, excluding storm impact	**67.3%**	**65.9%**	

Cost to maintain – Tricon's proportionate share of the total portfolio

(in thousands of U.S. dollars, except cost to maintain per home and cost to maintain per square foot)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Recurring operating expense					
Repairs and maintenance operating expense	$ 3,853	$ 4,057	$ 4,023	$ 3,680	$ 3,655
Turnover operating expense	832	986	1,368	1,504	1,337
Total recurring operating expense	**4,685**	**5,043**	**5,391**	**5,184**	**4,992**
Recurring capital expenditures					
Repairs and maintenance capital expense	$ 4,748	$ 5,129	$ 5,666	$ 4,330	$ 4,136
Turnover capital expense	555	421	726	628	1,426
Total recurring capital expenditures	**5,303**	**5,550**	**6,392**	**4,958**	**5,562**
Total cost to maintain	**9,988**	**10,593**	**11,783**	**10,142**	**10,554**
Annualized recurring operating expense per home	1,056	1,152	1,238	1,193	1,160
Annualized recurring capital expense per home	1,195	1,267	1,468	1,141	1,293
Total annualized cost to maintain per home	**$ 2,251**	**$ 2,419**	**$ 2,706**	**$ 2,334**	**$ 2,453**
Total annualized cost to maintain per square foot	**$ 1.39**	**$ 1.50**	**$ 1.68**	**$ 1.45**	**$ 1.42**

Capital expenditures – Tricon's proportionate share of the total portfolio

(in thousands of U.S. dollars)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Up-front renovation capital expenditures	$ 13,738	$ 13,376	$ 6,020	$ 5,952	$ 9,006
Recurring capital expenditures	5,303	5,550	6,392	4,958	5,562
Value-enhancing capital expenditures	2,245	2,141	2,525	2,728	2,659
Total capital expenditures	**$ 21,286**	**$ 21,067**	**$ 14,937**	**$ 13,638**	**$ 17,227**

Rental properties balance sheet activities – Tricon's proportionate share of the total portfolio

For the three months ended March 31

(in thousands of U.S. dollars)	2021	2020
Cost basis of rental properties, beginning of period	$ 3,086,918	$ 2,913,716
Acquisition of rental properties	65,103	33,526
Disposition of rental properties	(2,528)	(4,557)
Up-front renovation capital expenditures	13,738	9,006
Recurring capital expenditures	5,303	5,562
Value-enhancing capital expenditures	2,245	2,659
Total cost basis of rental properties	**$ 3,170,779**	**$ 2,959,912**
Cumulative fair value adjustment	943,536	685,011
Fair value of rental properties	**$ 4,114,315**	**$ 3,644,923**

4.1 Single-Family Rental

Same home operating results – Tricon's proportionate share

The same home portfolio includes homes that were stabilized since January 1, 2019 as per the NAREIT guidelines (see Section 7.1).

For the three months ended March 31 (in U.S. dollars)	2021	2020	Variance
Operating metrics – same home[1]			
Tricon wholly-owned rental homes	14,805	14,805	–
SFR JV-1 homes (34% TCN / 66% JV Partners)	3,375	3,375	–
Rental homes	18,180	18,180	–
Occupancy	97.3%	96.5%	0.8%
Annualized turnover rate	20.6%	21.4%	0.8%
Average monthly rent	$ 1,482	$ 1,421	$ 61
Average rent growth – renewal	4.1%	5.1%	(1.0%)
Average rent growth – new move-in	12.3%	6.9%	5.4%
Average rent growth – blended	6.6%	5.6%	1.0%

(1) The operating metrics reflect Tricon's proportionate share of the same home portfolio, other than the total number of homes comprising the same home portfolio which is presented in aggregate.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	% of revenue	2020	% of revenue	Variance	% Variance
Rental revenue	$ 68,713		$ 65,400		$ 3,313	5.1%
Concessions and abatements	(290)		(233)		(57)	(24.5%)
Fees and other revenue	2,245		2,513		(268)	(10.7%)
Bad debt expense[1]	(1,477)		(539)		(938)	(174.0%)
Total revenue from rental properties	**69,191**	**100.0%**	**67,141**	**100.0%**	**2,050**	**3.1%**
Property taxes	11,157	16.1%	10,761	16.0%	(396)	(3.7%)
Repairs, maintenance and turnover	4,292	6.2%	4,632	6.9%	340	7.3%
Property management expenses	4,613	6.7%	4,594	6.8%	(19)	(0.4%)
Property insurance	1,100	1.6%	1,005	1.5%	(95)	(9.5%)
Marketing and leasing	197	0.3%	208	0.3%	11	5.3%
Homeowners' association (HOA) costs	853	1.2%	806	1.2%	(47)	(5.8%)
Other direct expenses	798	1.2%	794	1.2%	(4)	(0.5%)
Total direct operating expenses	**23,010**		**22,800**		**(210)**	**(0.9%)**
Net operating income (NOI)[2]	**$ 46,181**		**$ 44,341**		**$ 1,840**	**4.1%**
Net operating income (NOI) margin[2]	**66.7%**		**66.0%**			

(1) The Company has reserved 100% of residents' accounts receivable balances aged more than 30 days. The bad debt expense during the quarter represented 2.1% of revenue, compared to historical bad debt levels (pre-COVID-19) of approximately 0.8%.

(2) NOI and NOI margin include the impact of a severe winter storm in Texas in Q1 2021. The following table excludes the non-recurring repairs and concessions associated directly with the Texas storm.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	% Variance
Total revenue from rental properties	$ 69,268	$ 67,141	3.2%
Total direct operating expenses	22,770	22,800	0.1%
Net operating income (NOI), excluding storm impact	**$ 46,498**	**$ 44,341**	**4.9%**
Net operating income (NOI) margin, excluding storm impact	**67.1%**	**66.0%**	

Same home operating results comparisons – Tricon's proportionate share

Same home year-over-year comparisons – proportionate

		NOI			NOI margin		
Geography	Homes	Q1 2021	Q1 2020	Change	Q1 2021	Q1 2020	Change
Atlanta	4,415	$ 10,678	$ 9,851	8.4%	68.8%	66.5%	2.3%
Charlotte	2,035	4,540	4,361	4.1%	71.7%	71.5%	0.2%
Columbia	705	1,111	1,035	7.3%	59.9%	58.8%	1.1%
Nashville	47	60	64	(6.3%)	76.6%	80.1%	(3.5%)
Raleigh	45	47	43	9.3%	74.2%	70.9%	3.3%
Southeast United States	**7,247**	**$ 16,436**	**$ 15,354**	**7.0%**	**68.9%**	**67.3%**	**1.6%**
Phoenix	1,898	$ 6,056	$ 5,576	8.6%	74.7%	73.1%	1.6%
Northern California	986	4,160	3,930	5.9%	75.8%	72.0%	3.8%
Las Vegas	589	1,968	1,875	5.0%	75.9%	75.3%	0.6%
Reno	247	1,015	1,002	1.3%	80.0%	80.3%	(0.3%)
Southern California	239	1,022	877	16.5%	75.0%	67.0%	8.0%
Western United States	**3,959**	**$ 14,221**	**$ 13,260**	**7.2%**	**75.6%**	**73.1%**	**2.5%**
Tampa	1,631	$ 4,423	$ 4,192	5.5%	62.6%	61.3%	1.3%
Southeast Florida	645	1,756	1,953	(10.1%)	52.5%	57.3%	(4.8%)
Jacksonville	568	1,262	1,252	0.8%	64.8%	64.9%	(0.1%)
Orlando	443	1,202	1,189	1.1%	63.7%	63.9%	(0.2%)
Florida	**3,287**	**$ 8,643**	**$ 8,586**	**0.7%**	**60.7%**	**61.2%**	**(0.5%)**
Dallas	1,441	$ 3,015	$ 3,091	(2.5%)	55.4%	58.4%	(3.0%)
Houston	1,201	1,976	2,137	(7.5%)	51.9%	55.3%	(3.4%)
San Antonio	383	663	684	(3.1%)	58.7%	60.1%	(1.4%)
Texas	**3,025**	**$ 5,654**	**$ 5,912**	**(4.4%)**	**54.5%**	**57.4%**	**(2.9%)**
Indianapolis	662	$ 1,227	$ 1,229	(0.2%)	64.4%	65.8%	(1.4%)
Midwest United States	**662**	**$ 1,227**	**$ 1,229**	**(0.2%)**	**64.4%**	**65.8%**	**(1.4%)**
Total/Weighted average	**18,180**	**$ 46,181**	**$ 44,341**	**4.1%**	**66.7%**	**66.0%**	**0.7%**

Same home year-over-year comparisons – proportionate

Geography	Rental homes	Average monthly rent			Occupancy		
		Q1 2021	Q1 2020	Change (%)	Q1 2021	Q1 2020	Change (%)
Atlanta	4,415	$ 1,380	$ 1,315	4.9%	97.0%	96.0%	1.0%
Charlotte	2,035	1,344	1,285	4.6%	97.0%	96.6%	0.4%
Columbia	705	1,257	1,201	4.7%	98.3%	96.4%	1.9%
Nashville	47	1,651	1,618	2.0%	98.6%	99.1%	(0.5%)
Raleigh	45	1,410	1,327	6.3%	95.7%	95.7%	–
Southeast United States	**7,247**	**$ 1,340**	**$ 1,279**	**4.8%**	**97.1%**	**96.2 %**	**0.9%**
Phoenix	1,898	$ 1,432	$ 1,339	6.9%	98.7%	96.7%	2.0%
Northern California	986	1,934	1,860	4.0%	98.7%	98.8%	(0.1%)
Las Vegas	589	1,479	1,413	4.7%	98.6%	98.1%	0.5%
Reno	247	1,755	1,682	4.3%	97.8%	98.2%	(0.4%)
Southern California	239	1,917	1,851	3.6%	99.5%	97.9%	1.6%
Western United States	**3,959**	**$ 1,613**	**$ 1,532**	**5.3%**	**98.7%**	**97.6%**	**1.1%**
Tampa	1,631	$ 1,594	$ 1,541	3.4%	97.6%	96.4%	1.2%
Southeast Florida	645	1,826	1,785	2.3%	96.5%	96.4%	0.1%
Jacksonville	568	1,385	1,315	5.3%	96.4%	95.5%	0.9%
Orlando	443	1,517	1,449	4.7%	97.2%	96.6%	0.6%
Florida	**3,287**	**$ 1,593**	**$ 1,537**	**3.6%**	**97.1%**	**96.3%**	**0.8%**
Dallas	1,441	$ 1,520	$ 1,466	3.7%	96.3%	96.0%	0.3%
Houston	1,201	1,392	1,369	1.7%	95.4%	94.5%	0.9%
San Antonio	383	1,373	1,340	2.5%	93.8%	94.8%	(1.0%)
Texas	**3,025**	**$ 1,450**	**$ 1,411**	**2.8%**	**95.7%**	**95.3%**	**0.4%**
Indianapolis	662	$ 1,294	$ 1,241	4.3%	98.0%	98.2%	(0.2%)
Midwest United States	**662**	**$ 1,294**	**$ 1,241**	**4.3%**	**98.0%**	**98.2%**	**(0.2%)**
Total/Weighted average	**18,180**	**$ 1,482**	**$ 1,421**	**4.3%**	**97.3%**	**96.5%**	**0.8%**

Same home sequential quarter comparisons – proportionate

Geography	Rental homes	Average monthly rent Q1 2021	Average monthly rent Q4 2020	Average monthly rent Change (%)	Occupancy Q1 2021	Occupancy Q4 2020	Occupancy Change (%)
Atlanta	4,415	$ 1,380	$ 1,360	1.5%	97.0%	97.3%	(0.3%)
Charlotte	2,035	1,344	1,325	1.4%	97.0%	97.6%	(0.6%)
Columbia	705	1,257	1,240	1.4%	98.3%	97.1%	1.2%
Nashville	47	1,651	1,650	0.0%	98.6%	96.3%	2.3%
Raleigh	45	1,410	1,397	0.0%	95.7%	94.1%	1.6%
Southeast United States	**7,247**	**$ 1,340**	**$ 1,321**	**1.4%**	**97.1%**	**97.2%**	**(0.1%)**
Phoenix	1,898	$ 1,432	$ 1,405	1.9%	98.7%	98.2%	0.5%
Northern California	986	1,934	1,914	1.0%	98.7%	98.9%	(0.2%)
Las Vegas	589	1,479	1,458	1.4%	98.6%	98.0%	0.6%
Reno	247	1,755	1,731	1.4%	97.8%	98.3%	(0.5%)
Southern California	239	1,917	1,896	1.1%	99.5%	99.5%	–
Western United States	**3,959**	**$ 1,613**	**$ 1,590**	**1.4%**	**98.7%**	**98.4%**	**0.3%**
Tampa	1,631	$ 1,594	$ 1,578	1.0%	97.6%	97.4%	0.2%
Southeast Florida	645	1,826	1,816	0.6%	96.5%	96.1%	0.4%
Jacksonville	568	1,385	1,372	0.9%	96.4%	96.9%	(0.5%)
Orlando	443	1,517	1,501	1.1%	97.2%	96.5%	0.7%
Florida	**3,287**	**$ 1,593**	**$ 1,579**	**0.9%**	**97.1%**	**96.9%**	**0.2%**
Dallas	1,441	$ 1,520	$ 1,503	1.1%	96.3%	96.1%	0.2%
Houston	1,201	1,392	1,384	0.6%	95.4%	96.2%	(0.8%)
San Antonio	383	1,373	1,359	1.0%	93.8%	95.5%	(1.7%)
Texas	**3,025**	**$ 1,450**	**$ 1,437**	**0.9%**	**95.7%**	**96.0%**	**(0.3%)**
Indianapolis	662	$ 1,294	$ 1,284	0.8%	98.0%	97.1%	0.9%
Midwest United States	**662**	**$ 1,294**	**$ 1,284**	**0.8%**	**98.0%**	**97.1%**	**0.9%**
Total/Weighted average	**18,180**	**$ 1,482**	**$ 1,464**	**1.2%**	**97.3%**	**97.3%**	**–**

Same home lease-over-lease rent growth

	Rent growth		
Geography	Renewal	New move-in	Blended
Atlanta	4.7%	17.6%	8.1%
Charlotte	4.3%	13.2%	6.4%
Columbia	3.5%	9.8%	5.2%
Nashville	1.5%	1.5%	1.5%
Raleigh	3.5%	10.2%	8.8%
Southeast United States	**4.4%**	**15.4%**	**7.3%**
Phoenix	5.3%	22.0%	8.9%
Northern California	5.1%	8.9%	6.3%
Las Vegas	4.7%	15.1%	8.2%
Reno	5.4%	11.8%	7.5%
Southern California	5.2%	8.8%	6.0%
Western United States	**5.2%**	**16.3%**	**8.1%**
Tampa	2.7%	10.7%	5.4%
Southeast Florida	2.1%	9.6%	4.4%
Jacksonville	3.1%	9.8%	6.1%
Orlando	3.9%	7.4%	5.0%
Florida	**2.8%**	**9.9%**	**5.3%**
Dallas	3.7%	8.9%	5.7%
Houston	1.9%	4.0%	2.7%
San Antonio	0.7%	5.6%	3.2%
Texas	**2.7%**	**6.7%**	**4.2%**
Indianapolis	3.8%	7.0%	5.2%
Midwest United States	**3.8%**	**7.0%**	**5.2%**
Total/Weighted average	**4.1%**	**12.3%**	**6.6%**

4.2 Multi-Family Rental

Tricon's multi-family rental business segment consists of 24 assets, including 23 predominantly garden-style apartments in the U.S. Sun Belt and one Class A high-rise property in downtown Toronto (note that eight other properties in downtown Toronto are currently under development and are discussed in Section 4.3).

4.2.1 U.S. multi-family rental

Syndication of the U.S. multi-family rental portfolio

On March 31, 2021, the Company completed its previously announced joint venture arrangement with two institutional investors. Under the arrangement, the two third-party investors acquired a combined 80% interest in the existing U.S. multi-family rental portfolio with Tricon retaining a 20% interest in the joint venture. As such, effective April 1, 2021, the Company will begin reporting only on its 20% proportionate share of the U.S. multi-family rental operating results. All operating results presented in this section as of March 31, 2021 reflect the full consolidated operating results.

Operating results overview

The Company's U.S. multi-family rental business experienced a positive shift in operational performance during the quarter and this upward trend continued into April. There was sequential improvement quarter-over-quarter, reflecting significant increases in employment, the reopening of local economies and on-site amenities that were closed during the COVID-19 pandemic, active asset management efforts, and the benefit of government stimulus roll-out. These factors have improved leasing velocity resulting in a 1.0% increase in occupancy from the previous quarter, a 61% reduction in concessions, as well as blended rent growth returning to positive levels for the first time since the onset of the pandemic, at 2.9%. The NOI quarter-over-quarter remained stable despite a 10.8% increase in property tax and insurance expense.

For the three months ended March 31, 2021, NOI decreased by $0.9 million or 5.0% to $16.2 million year-over-year, attributable to a $0.4 million revenue decrease and a $0.5 million expense increase.

Revenue decreased by $0.4 million or 1.3% to $28.2 million compared to $28.6 million for the same period in 2020. This was primarily due to (i) declining average monthly rents throughout 2020 resulting from weak leasing demand ($1,212 in Q1 2021 vs. $1,244 in Q1 2020) and (ii) incremental bad debt expense of $0.4 million as a larger percentage of accounts receivable are expected to become uncollectible during the pandemic. The Company is working with the local on-site property management personnel to improve the collection process. This unfavourable variance was partially offset by a $0.4 million increase in other rental income from ancillary services offered to residents such as bundled internet and cable packages.

Total operating expenses increased by $0.5 million or 4.3% to $12.0 million compared to $11.5 million for the same period in 2020. The main drivers of this increase were growth in property tax expense, as well as higher utility costs as more residents worked from home.

The February winter storm affected ten multi-family rental properties in Texas and caused damage to common areas as well as individual suites from frozen and burst pipes. Management estimates total property damage between $2.5 million and $3.0 million, of which approximately 70% is expected to be covered by insurance. The Company plans to complete major capital restoration projects in the second quarter and expects the costs will be capitalized to the properties.

Quarterly operating trends

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Number of properties	23	23	23	23	23
Number of suites	7,289	7,289	7,289	7,289	7,289
Average vintage	2012	2012	2012	2012	2012
Occupancy	94.6%	93.6%	92.8%	93.5%	94.4%
Annualized turnover rate	43.8%	46.5%	61.8%	46.5%	47.5%
Average monthly rent	$ 1,212	$ 1,217	$ 1,228	$ 1,240	$ 1,244
Average quarterly rent growth – renewals	3.5%	2.3%	1.2%	–	3.4%
Average quarterly rent growth – new move-in	2.4%	(5.6%)	(4.5%)	(5.5%)	(1.7%)
Average quarterly rent growth – blended	2.9%	(1.8%)	(2.0%)	(2.2%)	1.1%

Operating results

For the three months ended March 31 (in thousands of U.S. dollars)	2021	% of revenue	2020	% of revenue	Variance	% Variance
Rental revenue	$ 25,392		$ 25,584		$ (192)	(0.8%)
Concessions and abatements	(222)		(82)		(140)	(170.7%)
Fees and other revenue	3,940		3,548		392	11.0%
Bad debt expense[1]	(919)		(487)		(432)	(88.7%)
Total revenue from rental properties	**$ 28,191**	**100.0%**	**$ 28,563**	**100.0%**	**$ (372)**	(1.3%)
Property taxes	4,921	17.5%	4,802	16.8%	(119)	(2.5%)
Repairs, maintenance and turnover	1,058	3.8%	1,152	4.0%	94	8.2%
Property management expenses[2]	2,456	8.7%	2,319	8.1%	(137)	(5.9%)
Utilities and other direct costs[3]	1,954	6.9%	1,745	6.1%	(209)	(12.0%)
Property insurance	676	2.4%	614	2.1%	(62)	(10.1%)
Marketing and leasing	473	1.7%	353	1.2%	(120)	(34.0%)
Other property operating expenses	429	1.5%	493	1.7%	64	13.0%
Total direct operating expenses[2]	**$ 11,967**		**$ 11,478**		**$ (489)**	**(4.3%)**
Net operating income (NOI)[2],[4]	**$ 16,224**		**$ 17,085**		**$ (861)**	**(5.0%)**
Net operating income (NOI) margin[2],[4]	**57.6%**		**59.8%**			

Note: Given that the suite count did not change from 2020 to 2021, this should also be considered the "Same Property" portfolio.

(1) Tricon reserved 100% of residents' accounts receivable balances aged more than 30 days, incorporating management's conservative measurement when estimating the collectability of outstanding amounts.

(2) The Company elected to present its third-party property management service expenses as part of the corporate operating expenses effective January 1, 2021. The property management expense above represents on-site property management personnel costs. The comparative period has therefore been reclassified to conform with the current period presentation.

(3) Utilities and other direct costs include water and sewer expense, valet waste expense, electricity and gas and cable contract costs.

(4) KPI measures; see Section 7.1.

Operating results comparisons

Year-over-year comparisons

		NOI			NOI margin		
Geography	Suites	Q1 2021	Q1 2020[1]	Change (%)	Q1 2021	Q1 2020[1]	Change (%)
Austin	1,454	$ 3,184	$ 3,160	0.8%	55.3%	56.5%	(1.2%)
Houston	1,098	1,869	2,094	(10.7%)	50.4%	53.6%	(3.2%)
Dallas	640	1,017	1,106	(8.0%)	45.0%	50.2%	(5.2%)
San Antonio	276	458	471	(2.8%)	48.3%	49.0%	(0.7%)
Texas	**3,468**	**$ 6,528**	**$ 6,831**	**(4.4%)**	**51.5%**	**53.9%**	**(2.4%)**
Orlando	1,215	$ 3,080	$ 3,372	(8.7%)	60.0%	62.5%	(2.5%)
Tampa	304	879	829	6.0%	66.6%	65.1%	1.5%
Florida	**1,519**	**$ 3,959**	**$ 4,201**	**(5.8%)**	**61.3%**	**63.0%**	**(1.7%)**
Atlanta	607	$ 1,185	$ 1,555	(23.8%)	52.4%	63.1%	(10.7%)
Charlotte	320	809	830	(2.5%)	65.2%	66.9%	(1.7%)
Nashville	288	779	763	2.1%	69.3%	68.7%	0.6%
Raleigh	265	698	685	1.9%	65.1%	64.7%	0.4%
Southeast United States	**1,480**	**$ 3,471**	**$ 3,833**	**(9.4%)**	**60.9%**	**65.2%**	**(4.3%)**
Las Vegas	320	$ 843	$ 843	–	71.2%	69.9%	1.3%
Phoenix	274	749	744	0.7%	65.8%	68.4%	(2.6%)
Denver	228	674	633	6.5%	64.9%	59.6%	5.3%
Western United States	**822**	**$ 2,266**	**$ 2,220**	**2.1%**	**67.4%**	**66.2%**	**1.2%**
Total/Weighted average	**7,289**	**$ 16,224**	**$ 17,085**	**(5.0%)**	**57.6%**	**59.8%**	**(2.2%)**

(1) The comparative period has been reclassified to conform with the current period presentation. Third-party property management service expenses of $646 have been excluded from Q1 2020 NOI.

4.2.2 Canadian multi-family rental – The Selby

Operating results overview

During the first quarter of 2021, the overall Toronto rental market remained relatively soft as a result of the disruptions presented by the COVID-19 pandemic, including halted migration, work-from-home orders for major downtown employers, a virtual learning environment at post-secondary institutions and overall weakness in the job market. These market headwinds put downward pressure on occupancy and rents, leading to a decrease in The Selby's NOI compared to the same period in the prior year. However, NOI has improved sequentially in the past two quarters as resident turnover has come down, resulting in savings on turnover expense.

Quarterly operating trends – proportionate

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Number of properties	1	1	1	1	1
Number of suites	500	500	500	500	500
Average vintage	2018	2018	2018	2018	2018
Occupancy	83.6%	87.0%	87.1%	88.2%	85.8%
Annualized turnover rate	24.8%	41.6%	52.8%	27.2%	10.4%
Average monthly rent(1)	$ 2,589	$ 2,648	$ 2,664	$ 2,675	$ 2,666
Average quarterly rent growth – renewals	(1.9%)	1.3%	(0.7%)	0.8%	2.2%
Average quarterly rent growth – new move-in	(11.1%)	(11.3%)	(3.8%)	–	4.2%
Average quarterly rent growth – blended	(6.5%)	(5.1%)	(2.0%)	0.7%	2.4%
Net operating income (NOI)(1)	**290**	**287**	**278**	**338**	**339**
Net operating income (NOI) margin	57.8%	55.6%	54.0%	62.1%	62.4%
Net operating income (NOI)(1)	**US$ 231**	**US$ 220**	**US$ 212**	**US$ 252**	**US$ 243**

(1) All dollar amounts in this table are expressed in Canadian dollars and represent Tricon's share of the operating results unless otherwise indicated. Tricon currently owns a 15% equity interest in The Selby.

4.3 Residential Development

Tricon's Residential Development business segment currently includes (i) new Class A multi-family rental apartments in Canada that are in the development and construction stages, (ii) build-to-rent single-family rental communities in the U.S., and (iii) legacy investments in for-sale housing development projects predominantly in the U.S.

As at

(in thousands of U.S. dollars)	March 31, 2021	December 31, 2020
Canadian residential developments – See Section 4.3.1	$ 142,781	$ 128,116
U.S. residential developments – See Section 4.3.2	160,784	164,842
Net investments in residential developments – see Section 5	**$ 303,565**	**$ 292,958**
Net investments in residential developments as a % of total real estate assets	5%	5%

4.3.1 Canadian residential developments

The Company is one of the most active rental developers in downtown Toronto with eight projects totalling 3,720 units (including select condominium units) under construction or in pre-construction as at March 31, 2021. The Company's portfolio also includes an existing commercial property, The Shops of Summerhill, adjacent to one of its multi-family development properties. Once construction is complete and lease-up stabilization occurs, newly built Canadian multi-family rental apartments will transition from the residential development business segment to Tricon's multi-family rental business segment.

In March 2021, Tricon announced a new joint venture with Canada Pension Plan Investment Board ("CPP Investments") focused on a build-to-core rental apartment strategy in the Greater Toronto Area. The joint venture will provide up to C$500 million of equity capital, including up to C$350 million from CPP Investments (70%) and up to C$150 million from Tricon (30%), allowing for the expected development of 2,000 to 3,000 units at a gross development cost of approximately C$1.4 billion, including leverage. [Subsequent to quarter-end, the joint venture closed on its first investment, a 1.8-acre development site in Toronto's Downtown East neighbourhood, which will consist of two towers totalling 870 units. The total development cost is expected to be approximately C$600 million, including approximately C$192 million of equity capital contributed from the joint venture, of which Tricon's share is 30%.]

4.3 Residential Development

As at March 31, 2021, the carrying value of Tricon's net assets in its Canadian multi-family development portfolio was $142.8 million. The following table summarizes the net assets by project.

		March 31, 2021				December 31, 2020			
(in thousands of U.S. dollars)		Tricon's share of property value	Tricon's share of debt and lease obligations[1]	Tricon's share of net working capital and other items	Tricon's net assets[2]	Tricon's share of property value	Tricon's share of debt and lease obligations[1]	Tricon's share of net working capital and other items	Tricon's net assets[2]
Projects in pre-construction									
7 Labatt	A	$ 25,350	$ (8,924)	$ 25	$ 16,451	$ 24,941	$ (8,814)	$ 53	$ 16,180
West Don Lands – Blocks 3/4/7	A	25,577	(12,032)	(3,349)	10,196	23,639	(11,818)	(2,246)	9,575
West Don Lands – Block 20	A	15,730	(14,817)	278	1,191	15,232	(14,551)	256	937
West Don Lands – Block 10[3]	A	5,924	(4,511)	1,618	3,031	850	–	2,144	2,994
Subtotal – Projects in pre-construction		**$ 72,581**	**$ (40,284)**	**$ (1,428)**	**$ 30,869**	**$ 64,662**	**$ (35,183)**	**$ 207**	**$ 29,686**
Projects under construction									
The Taylor (57 Spadina)	A	$ 35,728	$ (13,523)	$ (550)	$ 21,655	$ 33,972	$ (11,920)	$ (664)	$ 21,388
West Don Lands – Block 8	A	42,069	(33,099)	(945)	8,025	37,496	(29,545)	(468)	7,483
The Ivy (8 Gloucester)	A	20,307	(3,177)	(527)	16,603	19,175	(3,138)	361	16,398
The James (Scrivener Square)	B	75,555	(40,482)	4,178	39,251	73,299	(47,555)	1,514	27,258
Subtotal – Projects under construction		**$ 173,659**	**$ (90,281)**	**$ 2,156**	**$ 85,534**	**$ 163,942**	**$ (92,158)**	**$ 743**	**$ 72,527**
Stabilized projects									
The Shops of Summerhill	B	$ 37,178	$ (12,516)	$ 1,716	$ 26,378	$ 36,719	$ (12,463)	$ 1,647	$ 25,903
Subtotal – Stabilized projects		**$ 37,178**	**$ (12,516)**	**$ 1,716**	**$ 26,378**	**$ 36,719**	**$ (12,463)**	**$ 1,647**	**$ 25,903**
Total		**$ 283,418**	**$ (143,081)**	**$ 2,444**	**$ 142,781**	**$ 265,323**	**$ (139,804)**	**$ 2,597**	**$ 128,116**
Equity-accounted investments in Canadian residential developments	A	$ 170,685	$ (90,083)	$ (3,450)	$ 77,152	$ 155,305	$ (79,786)	$ (564)	$ 74,955
Canadian development properties, net of debt	B	112,733	(52,998)	5,894	65,629	110,018	(60,018)	3,161	53,161
Total		**$ 283,418**	**$ (143,081)**	**$ 2,444**	**$ 142,781**	**$ 265,323**	**$ (139,804)**	**$ 2,597**	**$ 128,116**

(1) Tricon's share of debt and lease obligations includes land and construction loans (net of deferred financing fees), vendor take-back loans and lease obligations under ground leases.

(2) Represents Tricon's share of development properties and other working capital items, net of debt and lease obligations.

(3) Tricon's share of net assets of DKT B10 LP includes the purchase price paid to third-party partners for a one-third ownership interest in the partnership.

4.3 Residential Development

Project details and projections

Projected units, rentable area, costs and timelines are estimated based on current project plans which are subject to change. Refer to page 1, "Non-IFRS measures and forward-looking statements".

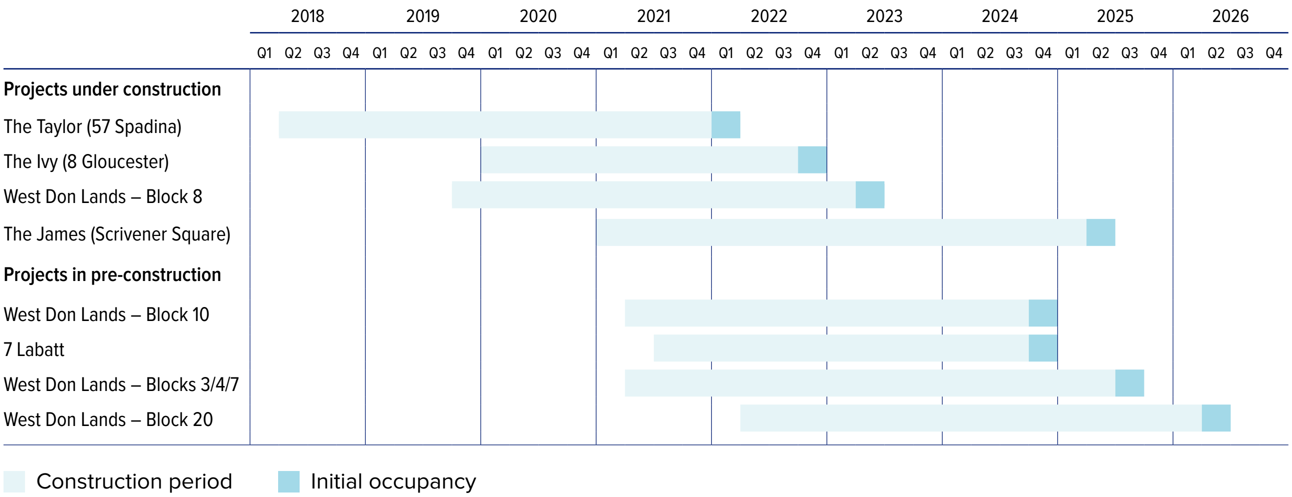
	Neighbourhood/ Major intersections in Toronto	Fee simple interest/ ground lease	Tricon's percentage interest	Projected units(1)	Estimated residential area (sq. feet)	Estimated commercial area (sq. feet)
Projects in pre-construction						
7 Labatt	Downtown East – Corktown	Fee simple interest	30%	558	362,400	51,000
West Don Lands – Blocks 3/4/7	Downtown East – Distillery District	Ground lease	33%	855	667,400	39,000
West Don Lands – Block 20	Downtown East – Distillery District	Ground lease	33%	661	455,000	250,000
West Don Lands – Block 10	Downtown East – Distillery District	Ground lease	33%	239	154,200	TBD
Subtotal – Projects in pre-construction				**2,313**	**1,639,000**	**340,000**
Projects under construction						
The Taylor (57 Spadina)	Entertainment District	Fee simple interest	30%	286	217,600	44,000
West Don Lands – Block 8	Downtown East – Distillery District	Ground lease	33%	770	567,800	4,000
The Ivy (8 Gloucester)	Yonge & Bloor	Fee simple interest	47%	231	158,400	1,600
The James (Scrivener Square)	Rosedale	Fee simple interest	100%	120	189,300	31,000
Subtotal – Projects under construction				**1,407**	**1,133,100**	**80,600**
Total/Weighted average			**43%**	**3,720**	**2,772,100**	**420,600**

(1) Includes 3,419 projected rental units and 301 projected condominium units.

(in thousands of U.S. dollars)	Cost to date	Projected remaining costs	Projected total cost	Percentage completed(1)	Tricon's unfunded equity commitment	Significant updates
Projects in pre-construction						
7 Labatt	$ 64,000	$ 226,000	$ 290,000	3%	$ 8,122	–
West Don Lands – Blocks 3/4/7(2)	7,000	399,000	406,000	2%	–	Construction expected to commence in Q2 2021
West Don Lands – Block 20	3,000	375,000	378,000	1%	471	–
West Don Lands – Block 10	3,000	92,000	95,000	3%	7,146	Executed ground lease; construction expected to commence in Q2 2021
Subtotal – Projects in pre-construction	**77,000**	**1,092,000**	**1,169,000**		**15,739**	
Projects under construction						
The Taylor (57 Spadina)	79,000	54,000	133,000	49%	–	–
West Don Lands – Block 8(2)	75,000	209,000	284,000	26%	427	–
The Ivy (8 Gloucester)	36,000	78,000	114,000	12%	–	Erected tower crane
The James (Scrivener Square)(3)	72,000	196,000	268,000	9%	26,366	Completed demolition; below-grade construction expected to commence in Q2 2021
Subtotal – Projects under construction	**262,000**	**537,000**	**799,000**		**26,793**	
Total	**$ 339,000**	**$ 1,629,000**	**$ 1,968,000**		**$ 42,532**	

(1) Percentage completed is calculated by taking cost to date as a percentage of projected total cost, **excluding** the cost of land.
(2) The remaining development costs are expected to be largely funded from construction loan financing for West Don Lands – Blocks 3/4/7 and Block 8.
(3) Tricon's unfunded equity commitment for The James excludes $19,474 of committed capital set aside to repay the vendor take-back (VTB) loan due in 2021.

4.3 Residential Development



4.3.2 Investments in U.S. residential developments

The Company's U.S. residential developments include (i) build-to-rent, dedicated single-family communities, and (ii) legacy investments in for-sale housing, including land development and homebuilding projects.

(1) Investments in build-to-rent

The Company's build-to-rent strategy is focused on developing well-designed, dedicated single-family home rental communities, which include shared amenities such as parks, playgrounds, pools and community gathering spaces. This strategy adds another growth channel to Tricon's single-family rental business, and leverages the Company's complementary expertise in land development, homebuilding and single-family rental property management. Once developed and stabilized, these build-to-rent communities will be integrated into the Company's technology-enabled property management platform.

The build-to-rent strategy is currently being pursued within the existing THPAS JV-1 joint venture investment vehicle, which is capitalized with $450 million of equity commitments, including $50 million from Tricon and $400 million from an institutional investor. This investment represents $0.3 million of Tricon's $160.8 million total U.S. residential development investments at fair value.

(2) Investments in for-sale housing

The Company's legacy for-sale housing business provides equity or equity-type financing to local and regional developers and homebuilders for housing development, primarily in the U.S. The investments are typically made through Investment Vehicles which hold an interest in for-sale residential land, homebuilding and condominium development projects. For-sale housing investments are structured as self-liquidating investments generally with cash flows generated as land, lots or homes are sold to third-party buyers (typically large homebuilders or commercial developers in the case of land and end consumers for homebuilding). These investments represent $160.5 million of Tricon's $160.8 million total U.S. residential development investments at fair value.

In aggregate, the Company's U.S. residential development investments represent 2.5% of the Company's total assets but are expected to generate approximately $305.6 million of net cash flow to Tricon over the next ten years. These assets generated $12.9 million of distributions to Tricon in the first quarter of 2021, including $0.7 million in performance fees (see Section 4.4), and $80.3 million during the full year of 2020.

(in thousands of U.S. dollars)	Advances to date	Distributions to date[1]	Tricon's fair value of investment	Projected distributions net of advances remaining[2]
Investments in U.S. residential developments	$ 521,583	$ 464,220	$ 160,784	$ 305,597

(1) Distributions include repayments of preferred return and capital.

(2) Projected distributions are based on current project plans which are subject to change. Refer to page 1, "Non-IFRS measures and forward-looking statements".

The scheduled time frame for Tricon to receive the projected net distributions remaining is as follows:

(in thousands of U.S. dollars)	1 to 2 years	3 to 5 years	More than 5 years	Total
Projected distributions net of advances remaining	$ 74,978	$ 114,149	$ 116,470	$ 305,597

4.4 Private Funds and Advisory

Through its private funds and advisory ("PF&A") business, Tricon earns fees from managing third-party capital co-invested in its real estate assets. Activities of this business include providing asset management, property management and development management services. In aggregate, Tricon manages $3.9 billion of third-party AUM across its business segments and intends to continue raising and managing third-party capital to generate scale and drive operational synergies, diversify its investor base, capitalize on opportunities that would otherwise be too large for the Company, reduce its balance sheet exposure to development activities, and enhance Tricon's return on equity by earning asset management and other fees.

Third-party assets under management (refer to Section 7.2 for definition)

Third-party AUM increased by $1.3 billion or 51% to $3.9 billion as at March 31, 2021, from $2.6 billion as at December 31, 2020, primarily related to:

- **Single-family rental** – an increase in outstanding property-level debt to finance the growing rental portfolio;
- **U.S. multi-family rental** – the syndication of the U.S. multi-family portfolio, which resulted in the formation of a new joint venture with two global institutional investors who acquired a combined 80% interest in the portfolio;
- **U.S. residential developments** – a partial divestiture of certain investments along with significant distributions from existing investments; and
- **Canadian residential developments** – a new joint venture with CPP Investments to invest in build-to-core multi-family rental projects in the Greater Toronto Area.

(in thousands of U.S. dollars)	Balance as at December 31, 2020	Additions	Distributions	Other	Revaluation	Balance as at March 31, 2021
Single-family rental	**$ 1,137,936**	**$ 85,508**	**$ –**	**$ –**	**$ –**	**$ 1,223,444**
Multi-family rental						
U.S.	–	1,080,360	–	–	–	1,080,360
Canada	150,659	–	–	(440)	1,878	152,097
Multi-family rental	**$ 150,659**	**$ 1,080,360**	**$ –**	**$ (440)**	**$ 1,878**	**$ 1,232,457**
Residential development						
U.S.	1,032,818	–	(22,456)	(113,477)	613	897,498
Canada	231,945	286,017	–	(23,957)	4,652	498,657
Residential development	**$ 1,264,763**	**$ 286,017**	**$ (22,456)**	**$ (137,434)**	**$ 5,265**	**$ 1,396,155**
Total	**$ 2,553,358**	**$ 1,451,885**	**$ (22,456)**	**$ (137,874)**	**$ 7,143**	**$ 3,852,056**

(in thousands of U.S. dollars)	Outstanding invested capital (at cost)	Share of outstanding project debt	Unfunded equity commitment(1)	Third-party AUM as at March 31, 2021
Single-family rental	**$ 374,120**	**$ 805,487**	**$ 43,837**	**$ 1,223,444**
Multi-family rental				
U.S.	418,926	640,360	21,074	1,080,360
Canada	40,872	111,225	–	152,097
Multi-family rental	**$ 459,798**	**$ 751,585**	**$ 21,074**	**$ 1,232,457**
Residential development				
U.S.	483,912	–	413,586	897,498
Canada	78,915	105,871	313,871	498,657
Residential development	**$ 562,827**	**$ 105,871**	**$ 727,457**	**$ 1,396,155**
Total	**$ 1,396,745**	**$ 1,662,943**	**$ 792,368**	**$ 3,852,056**

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

4.4 Private Funds and Advisory

(in thousands of U.S. dollars)	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Single-family rental	**$ 1,223,444**	**$ 1,137,936**	**$ 1,042,386**	**$ 933,947**	**$ 935,134**
Multi-family rental					
U.S.	1,080,360	–	–	–	–
Canada	152,097	150,659	134,527	132,666	127,780
Multi-family rental	**$ 1,232,457**	**$ 150,659**	**$ 134,527**	**$ 132,666**	**$ 127,780**
Residential development					
U.S.	897,498	1,032,818	1,089,535	1,100,417	1,175,016
Canada	498,657	231,945	208,933	226,812	242,244
Residential development	**$ 1,396,155**	**$ 1,264,763**	**$ 1,298,468**	**$ 1,327,229**	**$ 1,417,260**
Third-party AUM	**$ 3,852,056**	**$ 2,553,358**	**$ 2,475,381**	**$ 2,393,842**	**$ 2,480,174**

Performance overview

The following table provides details of revenue from private funds and advisory services for the three months ended March 31, 2021 and 2020, before the elimination of intercompany fees earned.

For the three months ended March 31 (in thousands of U.S. dollars)	2021	2020	Variance
Asset management fees[1]	$ 2,598	$ 3,333	$ (735)
Performance fees[2]	692	314	378
Development fees[3]	5,849	3,922	1,927
Property management fees[4],[5]	13,148	11,499	1,649
Revenue from private funds and advisory services – gross	**$ 22,287**	**$ 19,068**	**$ 3,219**

(1) Ranges typically from 1–2% of committed or invested capital throughout the lives of the Investment Vehicles under management.

(2) Calculated as approximately 20% (in most cases) of net cash flow after investors' capital has been returned, together with a pre-tax preferred return on capital of, typically, between 8% and 10%.

(3) Calculated as 2–5% of the sales price of single-family lots, residential land parcels and commercial land within master-planned communities, and 4–5% of overall development costs of Canadian multi-family rental apartments. Includes $385 (Q1 2020 – nil) of development fees eliminated upon consolidation.

(4) Includes property management fees of 7% of rental revenue from single-family rental homes, 4% of rental revenue from Canadian multi-family rental properties and other ancillary fees. Includes $12,972 (Q1 2020 – $11,253) of property management fees eliminated upon consolidation.

(5) Increase in property management fees reflects a larger number of single-family homes managed, along with higher fees earned from increased home acquisition and leasing activity compared to Q1 2020.

Estimated future performance fees

(in thousands of U.S. dollars)	1 to 2 years	3 to 5 years	More than 5 years	Total
Single-family rental	$ –	$ –	$ 60,000	$ 60,000
Multi-family rental	–	11,892	–	11,892
U.S. residential developments	6,442	9,687	6,634	22,763
Canadian residential developments	–	–	7,235	7,235
Estimated future performance fees[1]	**$ 6,442**	**$ 21,579**	**$ 73,869**	**$ 101,890**

(1) Forward-looking information; see page 1.

5

SUMMARY OF NON-IFRS SEGMENT INFORMATION

5. SUMMARY OF NON-IFRS SEGMENT INFORMATION

Management considers Core FFO and AFFO to be key measures of the Company's operating performance (refer to Section 7.1 for KPI definitions and page 1 for discussion of non-IFRS measures).

The presentation of non-IFRS measures throughout this section reflects Tricon's proportionate share of the business, unless otherwise stated.

Reconciliation of net income to core FFO and AFFO

For the three months ended March 31

(in thousands of U.S. dollars)	2021	2020	Variance
Net income (loss) from continuing operations attributable to Tricon's shareholders	**$ 41,333**	**$ (47,040)**	**$ 88,373**
Fair value gain on rental properties	(112,302)	(20,637)	(91,665)
Fair value loss on derivative financial instruments and other liabilities	37,172	2,144	35,028
Loss from investments in U.S. residential developments	–	79,579	(79,579)
Limited partners' share of FFO adjustments	20,118	2,293	17,825
FFO attributable to Tricon's shareholders	**$ (13,679)**	**$ 16,339**	**$ (30,018)**
Core FFO from U.S. and Canadian multi-family rental	$ 7,530	$ 7,243	$ 287
Loss (income) from equity-accounted investments in multi-family rental properties	457	(55)	512
Loss (income) from equity-accounted investments in Canadian residential developments(1)	3	(5,097)	5,100
Deferred tax expense (recovery)	67,127	(10,967)	78,094
Current tax impact on sale of U.S. multi-family rental portfolio	(44,502)	–	(44,502)
Interest incurred on convertible debentures	2,451	2,465	(14)
Interest on Due to Affiliate	4,313	–	4,313
Amortization of deferred financing costs, discounts and lease obligations	3,914	2,124	1,790
Non-cash and non-recurring compensation(2)	815	2,650	(1,835)
Other adjustments(1),(3)	4,093	6,791	(2,698)
Core FFO attributable to Tricon's shareholders	**$ 32,522**	**$ 21,493**	**$ 11,029**
Recurring capital expenditures	(6,705)	(6,643)	(62)
AFFO attributable to Tricon's shareholders	**$ 25,817**	**$ 14,850**	**$ 10,967**

(1) Fair value gains recognized on equity-accounted investments in Canadian residential developments of $5,099 and performance share unit (PSU) recovery of $442 in the first quarter of 2020 have been removed from Core FFO to conform with the current period presentation. This change resulted in a $5,541 decrease in Core FFO and AFFO.

(2) Includes $815 (2020 – $2,572) of equity-settled AIP and LTIP expense. The comparative period also includes non-recurring compensation of $78.

(3) Includes the following adjustments:

For the three months ended March 31

(in thousands of U.S. dollars)	2021	2020	Variance
Transaction costs	$ 1,229	$ 1,231	$ (2)
Amortization and depreciation expense	2,650	2,773	(123)
Performance share units	2,362	(442)	2,804
Other adjustments	(2,148)	3,229	(5,377)
Total other adjustments	**$ 4,093**	**$ 6,791**	**$ (2,698)**

Summary of non-IFRS measures – proportionate

For the three months ended March 31
(in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)

		2021	2020	Variance
Revenue from single-family rental properties		**$ 77,161**	**$ 72,379**	**$ 4,782**
Direct operating expenses		(25,534)	(24,711)	(823)
Net operating income from single-family rental properties		51,627	47,668	3,959
Revenue from private funds and advisory services		**$ 8,930**	**$ 7,815**	**$ 1,115**
Core FFO from U.S. and Canadian multi-family rental[1]		7,530	7,243	287
Core FFO from U.S. residential developments		6,659	–	6,659
Other (expense) income	A	(40)	1,703	(1,743)
Corporate overhead	B	(22,092)	(17,147)	(4,945)
Interest expense	C	(20,063)	(25,727)	5,664
Current income tax expense	D	(29)	(62)	33
Core funds from operations (Core FFO)		**$ 32,522**	**$ 21,493**	**$ 11,029**
Recurring capital expenditures	E	(6,705)	(6,643)	(62)
Adjusted funds from operations (AFFO)		**$ 25,817**	**$ 14,850**	**$ 10,967**
Core FFO per share		**$ 0.13**	**$ 0.10**	**$ 0.03**
Core FFO per share (CAD)[2]		**$ 0.16**	**$ 0.13**	**$ 0.03**
AFFO per share		**$ 0.10**	**$ 0.07**	**$ 0.03**
AFFO per share (CAD)[2]		**$ 0.13**	**$ 0.09**	**$ 0.04**
Core FFO payout ratio[3]		**33%**	**44%**	**(11%)**
AFFO payout ratio[3]		**42%**	**64%**	**(22%)**
Weighted average shares outstanding – diluted		**248,103,423**	**212,934,511**	**35,168,912**

(1) Effective March 31, 2021, the Company sold an 80% interest in its U.S. multi-family rental portfolio, and as a result, its 20% remaining interest in the joint venture is presented as equity-accounted investments on the balance sheet and income from equity-accounted investments on the income statement. For the three months ended March 31, 2021 and 2020, Core FFO from U.S. multi-family rental represents Tricon's legacy 100% ownership interest in the portfolio, considering the transaction occurred on the last day of the period.

(2) USD/CAD exchange rates used are 1.2660 for the three months ended March 31, 2021 and 1.3449 for the three months ended March 31, 2020.

(3) Core FFO and AFFO payout ratios are computed by dividing dividends declared for the period by Core FFO and AFFO, respectively.

Reconciliation to proportionate income statement

For the three months ended March 31

(in thousands of U.S. dollars)		2021	2020	Variance
Other income		$ 205	$ 48	$ 157
Leasing income		874	690	184
Other adjustments		(175)	1,884	(2,059)
Non-controlling interests' share of Core FFO		(944)	(919)	(25)
Other (expense) income	A	**$ (40)**	**$ 1,703**	**$ (1,743)**
Cash compensation expense[1]		$ (14,573)	$ (8,200)	$ (6,373)
General and administration expense[2]		(7,519)	(8,947)	1,428
Corporate overhead	B	**$ (22,092)**	**$ (17,147)**	**$ (4,945)**
Interest expense		$ (30,007)	$ (29,786)	$ (221)
Convertible debentures		2,451	2,465	(14)
Due to Affiliate		4,313	–	4,313
Amortization of deferred financing costs, discounts and lease obligations		3,180	1,594	1,586
Interest expense	C	**$ (20,063)**	**$ (25,727)**	**$ 5,664**
Current income tax recovery (expense)		$ 44,473	$ (62)	$ 44,535
Tax on sale of U.S. multi-family rental portfolio		(44,502)	–	(44,502)
Current income tax expense	D	**$ (29)**	**$ (62)**	**$ 33**
Single-family rental		$ (5,303)	$ (5,562)	$ 259
U.S. multi-family rental		(1,383)	(1,073)	(310)
Canadian multi-family rental		(19)	(8)	(11)
Recurring capital expenditures	E	**$ (6,705)**	**$ (6,643)**	**$ (62)**

(1) Compensation expense for Core FFO purposes excludes performance share units (PSUs), non-cash compensation and non-recurring compensation. The table below reconciles cash compensation expense for Core FFO purposes to total compensation expense. Performance share unit (PSU) recovery of $442 in the first quarter of 2020 has been removed from cash compensation expense to conform with the current period presentation. See Section 3.1 for further detail.

For the three months ended March 31

(in thousands of U.S. dollars)	2021	2020	Variance
Cash compensation expense	$ 14,573	$ 8,200	$ (6,373)
Performance share units	2,362	(442)	(2,804)
Non-cash and non-recurring compensation	815	2,650	1,835
Compensation expense per financial statements	**$ 17,750**	**$ 10,408**	**$ (7,342)**

(2) Includes general and administration expense of $6,896 (2020 – $8,310) and lease payments of $623 (2020 – $637).

Proportionate income statement

For the three months ended (in thousands of U.S. dollars)	March 31, 2021 Proportionate	IFRS reconciliation	Consolidated	March 31, 2020 Proportionate	IFRS reconciliation	Consolidated
Revenue from single-family rental properties	**$ 77,161**	**$ 21,313**	**$ 98,474**	**$ 72,379**	**$ 15,292**	**$ 87,671**
Direct operating expenses	(25,534)	(6,768)	(32,302)	(24,711)	(4,940)	(29,651)
Net operating income from single-family rental properties	51,627	14,545	66,172	47,668	10,352	58,020
Revenue from private funds and advisory services	**8,930**	**–**	**8,930**	**7,815**	**–**	**7,815**
(Loss) income from equity-accounted investments in multi-family rental properties	(457)	–	(457)	55	–	55
(Loss) income from equity-accounted investments in Canadian residential developments	(3)	–	(3)	5,097	–	5,097
Income (loss) from investments in U.S. residential developments	6,659	–	6,659	(79,579)	–	(79,579)
Compensation expense	(17,750)	–	(17,750)	(10,408)	–	(10,408)
General and administration expense	(6,896)	(1,507)	(8,403)	(8,310)	(1,401)	(9,711)
Interest expense	(30,007)	(6,068)	(36,075)	(29,786)	(5,103)	(34,889)
Fair value gain on rental properties	92,184	20,118	112,302	18,344	2,293	20,637
Fair value loss on derivative financial instruments and other liabilities	(37,172)	–	(37,172)	(2,144)	–	(2,144)
Other income (expenses)	(2,557)	(947)	(3,504)	(6,190)	(690)	(6,880)
Net change in fair value of limited partners' interests in single-family rental business	–	(26,141)	(26,141)	–	(5,451)	(5,451)
Current income tax recovery (expense)	44,473	–	44,473	(62)	–	(62)
Deferred income tax (expense) recovery	(67,127)	–	(67,127)	10,967	–	10,967
Non-controlling interest	(571)	–	(571)	(507)	–	(507)
Net income (loss) from continuing operations attributable to Tricon's shareholders	**$ 41,333**	**$ –**	**$ 41,333**	**$ (47,040)**	**$ –**	**$ (47,040)**
Fair value gain on rental properties	(92,184)	(20,118)	(112,302)	(18,344)	(2,293)	(20,637)
Fair value loss on derivative financial instruments and other liabilities	37,172	–	37,172	2,144	–	2,144
Loss from investments in U.S. residential developments	–	–	–	79,579	–	79,579
Limited partners' share of FFO adjustments	–	20,118	20,118	–	2,293	2,293
FFO attributable to Tricon's shareholders	**$ (13,679)**	$ **–**	**$ (13,679)**	**$ 16,339**	**$ –**	**$ 16,339**
Core FFO from U.S. multi-family portfolio	7,419	–	7,419	7,105	–	7,105
Loss (income) from equity-accounted investments in multi-family rental properties	457	–	457	(55)	–	(55)
Core FFO from equity-accounted investments in multi-family rental properties	111	–	111	138	–	138
Loss (income) from equity-accounted investments in Canadian residential developments(1)	3	–	3	(5,097)	–	(5,097)
Deferred tax expense (recovery)	67,127	–	67,127	(10,967)	–	(10,967)
Current tax impact on sale of U.S. multi-family rental portfolio	(44,502)	–	(44,502)	–	–	–
Interest incurred on convertible debentures	2,451	–	2,451	2,465	–	2,465
Interest on Due to Affiliate	4,313	–	4,313	–	–	–
Amortization of deferred financing costs, discounts and lease obligations	3,180	734	3,914	1,594	530	2,124
Non-cash and non-recurring compensation(2)	815	–	815	2,650	–	2,650
Other adjustments(1),(3)	4,827	(734)	4,093	7,321	(530)	6,791
Core FFO attributable to Tricon's shareholders	**$ 32,522**	**$ –**	**$ 32,522**	**$ 21,493**	**$ –**	**$ 21,493**
Recurring capital expenditures	(6,705)	–	(6,705)	(6,643)	–	(6,643)
AFFO attributable to Tricon's shareholders	**$ 25,817**	**$ –**	**$ 25,817**	**$ 14,850**	**$ –**	**$ 14,850**

(1) Fair value gains recognized on equity-accounted investments in Canadian residential developments of $5,099 and performance share unit (PSU) recovery of $442 in the first quarter of 2020 have been removed from Core FFO to conform with the current period presentation. This change resulted in a $5,541 decrease in Core FFO and AFFO.

(2) Includes $815 (2020 – $2,572) of equity-settled AIP and LTIP expense. The comparative period also includes non-recurring compensation of $78.

(3) Includes the following adjustments:

For the three months ended (in thousands of U.S. dollars)	March 31, 2021 Proportionate	IFRS reconciliation	Consolidated	March 31, 2020 Proportionate	IFRS reconciliation	Consolidated
Transaction costs	$ 1,156	$ 73	$ 1,229	$ 1,231	$ –	$ 1,231
Amortization and depreciation expense	2,650	–	2,650	2,773	–	2,773
Performance share units	2,362	–	2,362	(442)	–	(442)
Other adjustments	(1,341)	(807)	(2,148)	3,759	(530)	3,229
Total other adjustments	**$ 4,827**	**$ (734)**	**$ 4,093**	**$ 7,321**	**$ (530)**	**$ 6,791**

Summary of selected income statement, balance sheet and operating items

(in thousands of U.S. dollars, except units, average monthly rent, percentages and per share amounts)	Rental portfolio Single-Family Rental A	Multi-Family Rental B	Tricon proportionate results A + B	Consolidation reconciliation C	Consolidated results A + B + C
Tricon's proportionate share of rental homes	18,091		18,091	5,411	23,502
Average monthly rent	$ 1,483				
Occupancy	96.3%				
NOI margin	66.9%				
Quarterly NOI	$ 51,627		$ 51,627	$ 14,545	$ 66,172
Annualized NOI	206,508		206,508	58,180	264,688
Rental properties	$ 4,114,315	$ –	$ 4,114,315	$ 1,181,533	$ 5,295,848
Equity-accounted investments in multi-family rental properties	–	127,584	127,584	–	127,584
Net debt	(2,369,517)	–	(2,369,517)	(748,855)	(3,118,372)
Other liabilities	(52,243)	–	(52,243)	(432,678)	(484,921)
Net assets attributable to Tricon's shareholders	**$ 1,692,555**	**$ 127,584**	**$ 1,820,139**	**$ –**	**$ 1,820,139**
Net assets per share[1]	**$ 8.75**	**$ 0.66**	**$ 9.41**		
Net assets per share (CAD)[1]	**$ 11.00**	**$ 0.83**	**$ 11.83**		

(1) As at March 31, 2021, common shares outstanding were 193,485,053 and the USD/CAD exchange rate was 1.2575.

(in thousands of U.S. dollars, except per share amounts)	Development portfolio Canadian residential developments A	U.S. residential developments B	Tricon proportionate results A + B	Consolidation reconciliation C	Consolidated results A + B + C
Estimated annual NOI upon stabilization[1]	$ 39,717				
Projected distributions net of advances remaining		$ 305,597			
Investments in residential developments	$ 77,152	$ 160,784	$ 237,936	$ –	$ 237,936
Canadian development properties	112,733	–	112,733	–	112,733
Net debt	(45,364)	–	(45,364)	–	(45,364)
Other liabilities	(1,740)	–	(1,740)	–	(1,740)
Net assets attributable to Tricon's shareholders	**$ 142,781**	**$ 160,784**	**$ 303,565**	**$ –**	**$ 303,565**
Net assets per share[2]	**$ 0.74**	**$ 0.83**	**$ 1.57**		
Net assets per share (CAD)[2]	**$ 0.93**	**$ 1.04**	**$ 1.97**		

(1) Calculated on a total portfolio basis, and based on current project development plans assuming a target development yield of 4.75% on cost. Refer to page 1, "Non-IFRS measures and forward-looking statements".

(2) As at March 31, 2021, common shares outstanding were 193,485,053 and the USD/CAD exchange rate was 1.2575.

(in thousands of U.S. dollars, except per share amounts)	Corporate assets and liabilities Tricon proportionate results	Consolidation reconciliation	Consolidated results
Intangible and other assets	$ 62,545	$ –	$ 62,545
Deferred income tax liabilities	(206,380)	–	(206,380)
Net cash	227,613	–	227,613
Convertible debentures	(167,193)	–	(167,193)
Due to Affiliate	(252,788)	–	(252,788)
Other liabilities	(85,380)	–	(85,380)
Net assets attributable to Tricon's shareholders	**$ (421,583)**	**$ –**	**$ (421,583)**
Net assets per share(1)	**$ (2.18)**		
Net assets per share (CAD)(1)	**$ (2.74)**		

(1) As at March 31, 2021, common shares outstanding were 193,485,053 and the USD/CAD exchange rate was 1.2575.

(in thousands of U.S. dollars, except per share amounts)	Future performance fees Single-Family Rental A	Multi-Family Rental(1) B	Canadian residential developments C	U.S. residential developments D	Tricon proportionate results A + B + C + D
Estimated future performance fees(2)	**$ 60,000**	**$ 11,892**	**$ 7,235**	**$ 22,763**	**$ 101,890**
Net assets per share(3)					**$ 0.53**
Net assets per share (CAD)(3)					**$ 0.67**

(1) Currently includes The Selby only, and going forward will include the U.S. multi-family rental portfolio.
(2) Includes estimated future performance fees before the deduction of any amounts paid to employees under the LTIP. Refer to page 1, "Non-IFRS measures and forward-looking statements".
(3) As at March 31, 2021, common shares outstanding were 193,485,053 and the USD/CAD exchange rate was 1.2575.

(in thousands of U.S. dollars, except per share amounts)	Summary of net assets (book value) per share Rental portfolio A	Development portfolio B	Corporate assets and liabilities C	Tricon proportionate results A + B + C	Future performance fees
Net assets attributable to Tricon's shareholders	**$ 1,820,139**	**$ 303,565**	**$ (421,583)**	**$ 1,702,121**	
Net assets per share(1)	**$ 9.41**	**$ 1.57**	**$ (2.18)**	**$ 8.80**	**$ 0.53**
Net assets per share (CAD)(1)	**$ 11.83**	**$ 1.97**	**$ (2.74)**	**$ 11.06**	**$ 0.67**

(1) As at March 31, 2021, common shares outstanding were 193,485,053 and the USD/CAD exchange rate was 1.2575.

Proportionate leverage

(in thousands of U.S. dollars, except percentages)	Net debt to assets Rental portfolio A	Development portfolio B	Corporate assets and liabilities C	Tricon proportionate results A + B + C	Consolidation reconciliation	Consolidated results
Total assets	**$ 4,341,144**	**$ 359,938**	**$ 444,622**	**$ 5,145,704**	**$ 1,230,863**	**$ 6,376,567**
Total debt	**2,450,224**	**52,998**	**30,151**	**2,533,373**	**794,742**	**3,328,115**
Net debt to assets(1)				**45.6%**		**49.1%**

(1) Calculated by dividing net debt by total assets (net of cash and restricted cash of $346,105 on a proportionate basis or $391,992 on a consolidated basis).

6

LIQUIDITY AND CAPITAL RESOURCES

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OPERATIONAL KEY PERFORMANCE INDICATORS

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ACCOUNTING ESTIMATES AND POLICIES, CONTROLS AND PROCEURES, AND RISK ANALYSIS

9

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6. LIQUIDITY AND CAPITAL RESOURCES

6.1 Financing strategy

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

- Using various forms of debt such as floating-rate bank financing and unsecured debentures with conversion features, and attempting to stagger the maturity of its obligations.
- Using convertible or exchangeable securities where the principal can be redeemed by the issuance of common shares at the Company's option.
- Where appropriate, raising equity through the public or private markets to finance its growth and strengthen its financial position.

6.2 Liquidity

Tricon generates substantial liquidity through:

- Stable cash flow received from our single-family rental business.
- Cash distributions from operating cash flow generated by our multi-family rental businesses.
- Cash distributions from land, lot and home sales in our legacy for-sale housing business.
- Fee income from our PF&A business.
- Repatriation of capital extracted through refinancings.
- Cash distributions generated from the turnover of assets with shorter investment horizons.
- Syndicating investments to private investors and thereby extracting Tricon's invested capital.

To enable us to react to attractive acquisition or 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 a corporate credit facility.

Working capital

As at March 31, 2021, Tricon had a net working capital surplus of $76.4 million, reflecting current assets of $353.2 million, offset by current liabilities of $276.8 million. The working capital surplus is driven by the proceeds received from the syndication of 80% of the U.S. multi-family business.

6.3 Capital resources

Debt structure

Management mitigates interest rate risk by maintaining the majority of its debt at fixed rates. The impact of variable interest rate increases or decreases is discussed in the Company's consolidated financial statements. Management also mitigates its exposure to fixed-rate interest risk by staggering maturities with the objective of achieving even, annual maturities over a ten-year time horizon to reduce Tricon's exposure to interest rate fluctuations in any one period. The Company's long-term debt structure is summarized in Section 3.2.

The Company provides financial guarantees for land loans and construction loans in its residential development business.

As at March 31, 2021, the Company was in compliance with all of its financial covenants.

Equity issuance and cancellations

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

As of March 31, 2021, there were 193,856,464 common shares issued by the Company, of which 193,485,053 were outstanding and 371,411 were reserved to settle restricted share awards in accordance with the Company's Restricted Share Plan.

As of March 31, 2021, there was $172.4 million in outstanding aggregate principal amount of 5.75% extendible convertible unsecured subordinated debentures (the "2022 convertible debentures"). The 2022 convertible debentures bear interest at 5.75% per annum and are convertible into 16,481,837 common shares of the Company at a conversion rate of 95.6023 common shares per $1,000 principal amount, or a conversion price of approximately $10.46 per common share.

As of March 31, 2021, there was $300.0 million in outstanding aggregate principal amount of Due to Affiliate in connection with the exchangeable preferred units issued by Tricon PIPE LLC (see Section 3.2). Pursuant to the transaction documents associated with such issuance, the investors in such preferred units have rights to exchange the preferred units into common shares of the Company at an exchange price of $8.50 per common share, as may be adjusted from time to time in accordance with the terms of such transaction documents. As at March 31, 2021, this equated to 35,294,118 common shares of the Company.

7. OPERATIONAL KEY PERFORMANCE INDICATORS

7.1 Defined terms

The KPIs discussed throughout this MD&A for each of the Company's business segments are calculated based on Tricon's proportionate share of each portfolio or business and are defined and discussed below. These measures are commonly used by entities in the real estate industry as useful metrics for measuring performance; however, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly-traded entities. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. See "Non-IFRS measures and forward-looking statements" on page 1.

Single-family and multi-family rental

- Net operating income ("NOI") represents total revenue from rental properties, less direct operating expenses and property management expenses. NOI excludes non-property specific and indirect overhead expenses, interest expense and non-core income or expenses such as gains or losses on the disposition of rental properties. Tricon believes NOI is a helpful metric to evaluate the performance of its rental business and compare it to industry peers.
- Net operating income ("NOI") margin represents net operating income as a percentage of total revenue from rental properties.
- Occupancy rate represents the total number of days that units were occupied during the measurement period, divided by the total number of days that the units were owned during the measurement period (excluding units held for sale). Management believes occupancy is a main driver of rental revenues and that comparing occupancy across different periods is helpful in evaluating changes in rental revenues.
- Annualized turnover rate during the period represents the number of resident move-outs divided by the weighted average number of rental units (excluding units held for sale) in the period, annualized for a twelve-month period. Management believes the annualized turnover rate impacts occupancy and therefore revenue, as well as the cost to maintain the rental portfolios.
- Average monthly rent represents average monthly rental income per unit for occupied units and reflects the impact of rent concessions amortized over the life of the related leases. Tricon believes average monthly rent reflects pricing trends which impact rental revenue over time.
- Average rent growth during the period represents the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease and reflects the impact of rent concessions amortized over the life of the related lease. Leases are either renewal leases, where a current resident chooses to stay for a subsequent lease term, or a new lease, where a previous resident moves out and a new resident signs a lease to occupy the same unit. Average rent growth drives average monthly rent and management finds it is useful to evaluate changes in rental revenue across periods.
- "Same home" or "same home portfolio" includes homes that were stabilized 90 days prior to the first day of the prior-year comparative period as per the guidelines of the National Rental Home Council. It excludes homes that have been sold and homes that have been designated for sale. This same home portfolio is defined on January 1 of each reporting year. Based on this definition, any home currently included in the same home portfolio will have satisfied the conditions described above prior to September 30, 2019, and those homes have been held in operations throughout the full periods presented in both 2020 and 2021.
- Renovation capital expenditures are incurred in order to prepare the property for rental use in accordance with Tricon's standards. These expenditures are either incurred shortly after acquisition on vacant homes or deferred until the resident moves out if homes are occupied when acquired.
- Recurring capital expenditures represent ongoing costs associated with maintaining and preserving the quality of a property after it has been renovated.
- Value-enhancing capital expenditures are defined as capital expenditures that go beyond merely maintaining the quality of a property and are instead incurred for the purpose of increasing expected future returns.

Residential Development

- Development yield represents the estimated stabilized net operating income of a property following its completion as a percentage of its estimated total development cost.
- Core funds from operations, specifically for U.S. residential developments, presents net income as a normalized figure, adjusting for transaction costs and non-recurring and non-cash items, and is a metric that management believes to be helpful in evaluating Tricon's residential development business and comparing its performance to industry peers. Core funds from operations as a metric used in measuring Company performance is described below.

Private Funds and Advisory

- Total fee revenue represents total asset management, property management, development management and performance fees earned, excluding inter-company fees earned.

Company operating performance

Funds from operations ("FFO"), core funds from operations ("Core FFO") and adjusted funds from operations ("AFFO") are metrics that management believes to be helpful in evaluating the Company's operating performance, considering the recent expansion of its residential rental portfolio. These are metrics commonly used by securities analysts, investors and other interested parties in the evaluation of real estate entities, particularly those that own and operate income-producing properties. Management believes that providing these performance measures on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business.

- FFO represents net income excluding the impact of fair value adjustments and amortization of intangibles arising from business combinations. The Company's definition of FFO reflects all adjustments that are specified by the National Association of Real Estate Investment Trusts ("NAREIT"). In addition to the adjustments prescribed by NAREIT, Tricon excludes any fair value gains that arise as a result of reporting under IFRS, except for fair value gains arising from Tricon's U.S. residential developments business which are intended to act as a proxy for cash generation.
- Core FFO presents FFO as a normalized figure, adjusting for transaction costs, convertible debentures interest, interest on Due to Affiliate, non-recurring and non-cash items.
- AFFO represents Core FFO less recurring capital expenditures.

Core FFO and AFFO per share amounts are calculated based on the weighted average common shares outstanding in the period, assuming the conversion of all potentially dilutive shares (including convertible debt and exchangeable preferred units).

7.2 Assets under management

Management believes that monitoring changes in the Company's AUM is key to evaluating trends in fee revenue. Growth in AUM is driven by principal investments and capital commitments to our managed Investment Vehicles by private investors.

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

ASSETS UNDER MANAGEMENT	
Principal Assets Under Management	
Single-family rental, multi-family rental and Canadian residential developments	Fair value of rental and development properties plus unfunded commitment
U.S. residential developments	Fair value of invested capital plus unfunded commitment
Third-Party Assets Under Management	
Single-family rental, multi-family rental and Canadian residential developments	Outstanding invested capital and project-level funded debt plus unfunded commitment less return of capital
U.S. residential developments	Commingled funds • During the investment period, AUM = capital commitment • After the investment period, AUM = outstanding invested capital Separate accounts/side-cars/syndicated investments/joint ventures • Outstanding invested capital and unfunded commitment less return of capital

8. ACCOUNTING ESTIMATES AND POLICIES, CONTROLS AND PROCEDURES, AND RISK ANALYSIS

Refer to the Company's MD&A for the year ended December 31, 2020, which is available on SEDAR at www.sedar.com and on the Company's website at www.triconresidential.com, for detailed discussions of accounting estimates and policies, controls and procedures, and risk analysis.

8.1 Accounting estimates and policies

The Company's accounting policies are described in Notes 2 and 3 to the consolidated financial statements for the year ended December 31, 2020, and any changes thereto are described in Note 2 to the condensed interim consolidated financial statements for the three months ended March 31, 2021.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Refer to Note 4 to the consolidated financial statements for the year ended December 31, 2020 for details on critical accounting estimates.

8.2 Controls and procedures

As at March 31, 2021, 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. The CEO and CFO did not identify any material weaknesses in the Company's system of internal controls over financial reporting.

During the three months ended March 31, 2021, 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 controls over financial reporting.

8.3 Transactions with related parties

Senior management of the Company own units, directly or indirectly, in the various Tricon private funds, as well as common shares and debentures of the Company. Refer to the related party transactions and balances note in the condensed interim consolidated financial statements for further details concerning the Company's transactions with related parties.

8.4 Dividends

On May 11, 2021, the Board of Directors of the Company declared a dividend of seven cents per common share in Canadian dollars payable on or after July 15, 2021 to shareholders of record on June 30, 2021.

8.5 Compensation incentive plans

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

8.6 Risk definition and management

There are certain risks inherent in the Company's activities and those of its investees, which may impact the Company's financial and operating performance, the value of its investments and the value of its securities. The Company's Annual Information Form dated March 2, 2021 and its MD&A for the year ended December 31, 2020, which are available on SEDAR at www.sedar.com and on the Company's website at www.triconresidential.com, contain detailed discussions of these risks.

9. HISTORICAL FINANCIAL INFORMATION

The following table shows selected IFRS measures for the past eight quarters. The comparative period results have been recast in conformity with the current period presentation.

For the three months ended (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Financial statement results				
Net operating income from single-family rental properties from continuing operations	$ 66,172	$ 63,719	$ 62,753	$ 61,248
Total revenue from continuing operations	75,102	104,739	100,756	98,508
Net income from continuing operations	41,904	75,808	53,196	30,166
Net (loss) income from discontinued operations	(67,562)	5,670	4,903	(12,825)
Net (loss) income	(25,658)	81,478	58,099	17,341
Basic (loss) earnings per share	(0.13)	0.41	0.30	0.09
Diluted (loss) earnings per share	(0.14)	0.39	0.23	0.09

For the three months ended (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Financial statement results				
Net operating income from single-family rental properties from continuing operations	$ 58,020	$ –	$ –	$ –
Total revenue from continuing operations	65,835	11,716	11,323	9,367
Net (loss) income from continuing operations	(46,533)	38,526	26,958	11,080
Net income from discontinued operations	6,028	6,733	5,499	1,276
Net (loss) income	(40,505)	45,259	32,457	12,356
Basic (loss) earnings per share	(0.21)	0.23	0.16	0.08
Diluted (loss) earnings per share	(0.21)	0.22	0.15	0.04

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