TRICON

Management's Discussion and Analysis

for the Three Months Ended March 31, 2020

TABLE OF CONTENTS

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; project plans, timelines and sales/rental expectations; projected development costs; expected performance fees; future cash flows; development yields; transaction timelines; anticipated demand for homebuilding and lots; the anticipated growth of the Company's rental businesses; 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 occupancy and turnover rates for single-family rental homes and U.S. multi-family rental apartments; the Company's intended corporate name change and rebranding; 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 the Company's Annual Information Form dated February 24, 2020 (the "AIF") and its 2019 annual MD&A (as supplemented by Section 8.7 of this document), both of which are available on SEDAR at www.sedar.com. In addition, the impact of COVID-19 on the operation, 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 Section 8.7 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.

INTRODUCTION

1

1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is dated as of May 14, 2020, the date it was approved by the Board of Directors of Tricon Capital Group Inc. ("Tricon", "us", "we" or the "Company"), and reflects all material events up to that date.

In January 2020, the Company completed its transition to an owner and operator of diversified rental housing, resulting in the Company determining that it no longer meets the criteria for being an investment entity under International Financial Reporting Standards 10, *Consolidated Financial Statements* ("IFRS 10"). As a result, the Company began consolidating the financial results of controlled subsidiaries including those holding its investments in single-family rental homes and U.S. multi-family rental properties, resulting in the inclusion of these subsidiaries' assets, liabilities and non-controlling interests in the balance sheet of the Company on a prospective basis in accordance with the relevant guidance of IFRS 10.

The requirement to consolidate the financial results of the Company's single-family rental and U.S. multi-family rental businesses is not applied on a retrospective basis in accordance with IFRS 10. Therefore, comparative balances on the balance sheet and income statement continue to present the financial results of these businesses as investments in, and investment income from, Tricon American Homes ("TAH") and Tricon Lifestyle Rentals ("TLR"). For the purpose of comparability, where applicable in this MD&A, the comparative balances have been recast to show the financial results as if the consolidation of Tricon's single-family rental and multi-family rental businesses had been in effect in prior periods.

This MD&A 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, 2020, which were prepared using International Financial Reporting Standards ("IFRS") accounting policies.

Additional information about the Company, including its Annual Information Form, is available on the Company's website at www.triconcapital.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.

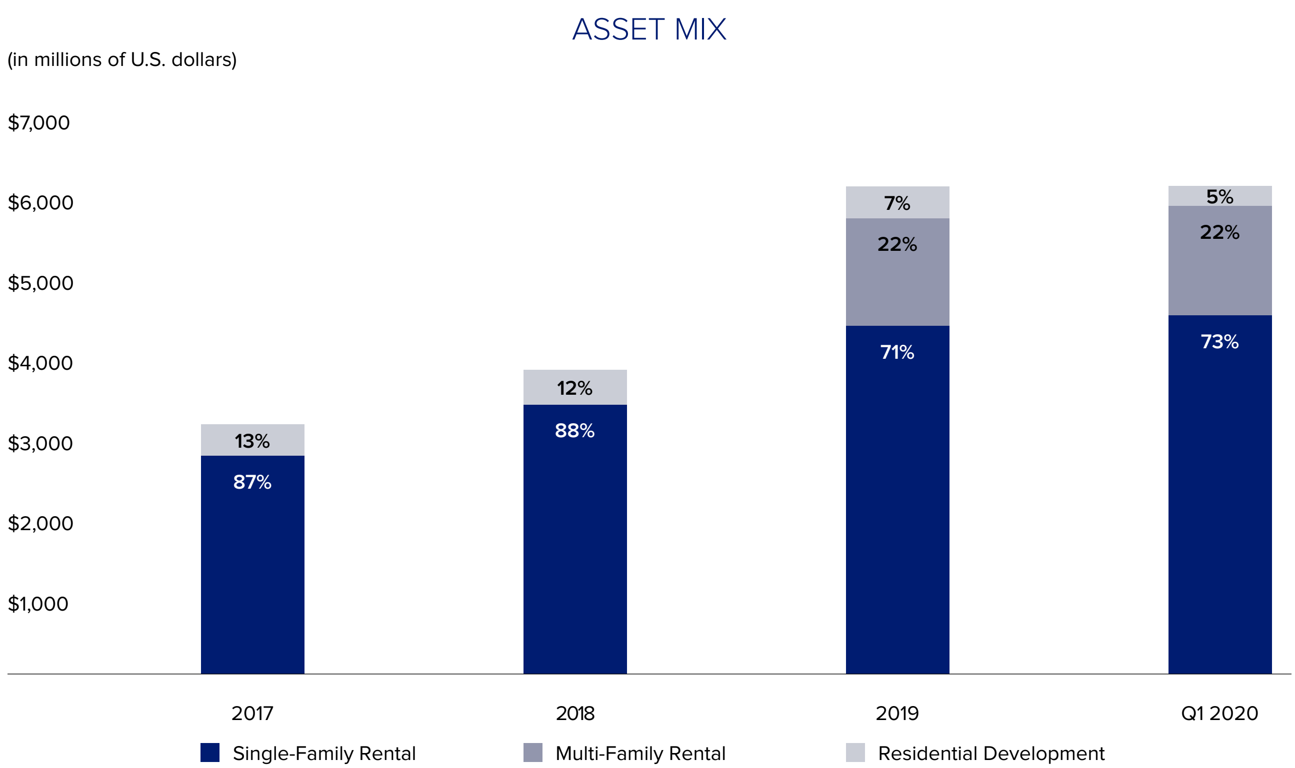
Tricon's activities are also guided by Environmental, Social and Governance ("ESG") factors, as outlined in our inaugural ESG roadmap, published in January 2020. This roadmap will guide the Company's ESG initiatives over the next three years and will provide a framework for robust data collection and reporting on Tricon's ongoing progress and performance (see Section 10).

In addition, to guide its efforts of building shareholder value over the near term, Tricon has defined the following key priorities for the next three years. Progress toward these goals remains subjective to potential ongoing economic instability and uncertainty related to the novel coronavirus ("COVID-19") global pandemic (see "Non-IFRS measures and forward-looking statements" on page 1 and Section 8.7).

- **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.

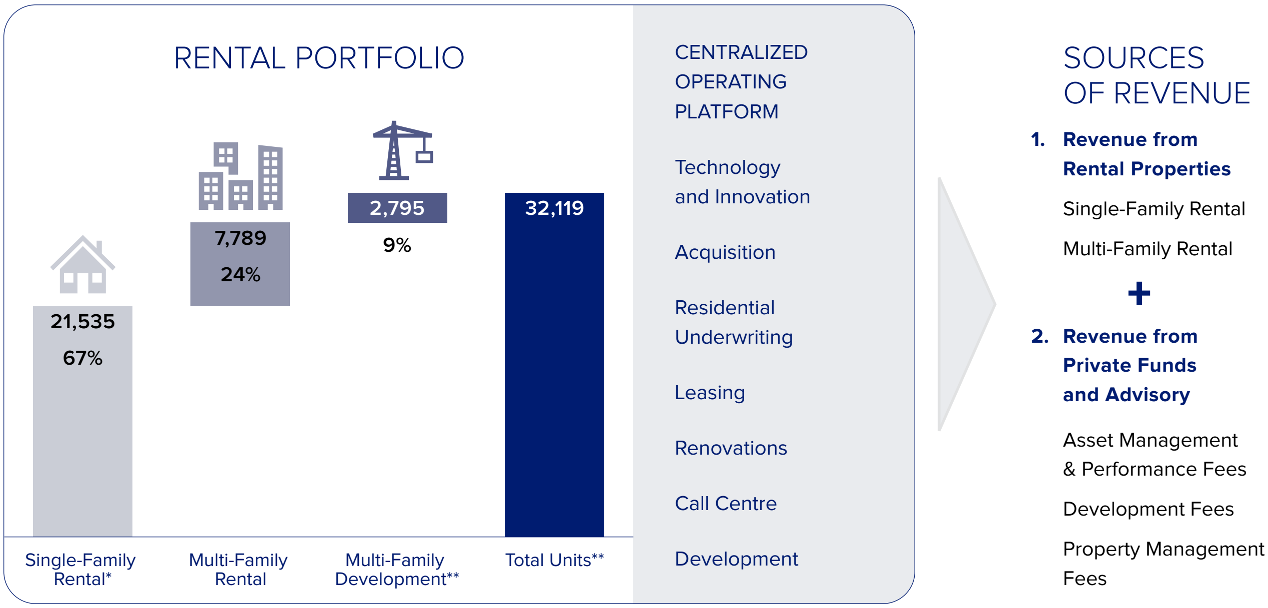
1.2 Business objectives and strategy

Tricon is a residential real estate company primarily focused on owning and operating rental housing in the United States and Canada. 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. Tricon currently owns and operates approximately 30,000 single-family rental homes and multi-family rental units in 21 markets across the United States and Canada. As at March 31, 2020, 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, multi-family properties, investments in Canadian multi-family developments, net investments in Canadian development properties under joint operations and investments in for-sale housing.)

Through its fully integrated operating platform, the Company earns rental income and ancillary revenue from single-family and multi-family rental properties as well as fees from managing third-party capital co-invested in its real estate assets.



*Excludes 48 single-family rental homes held for sale.

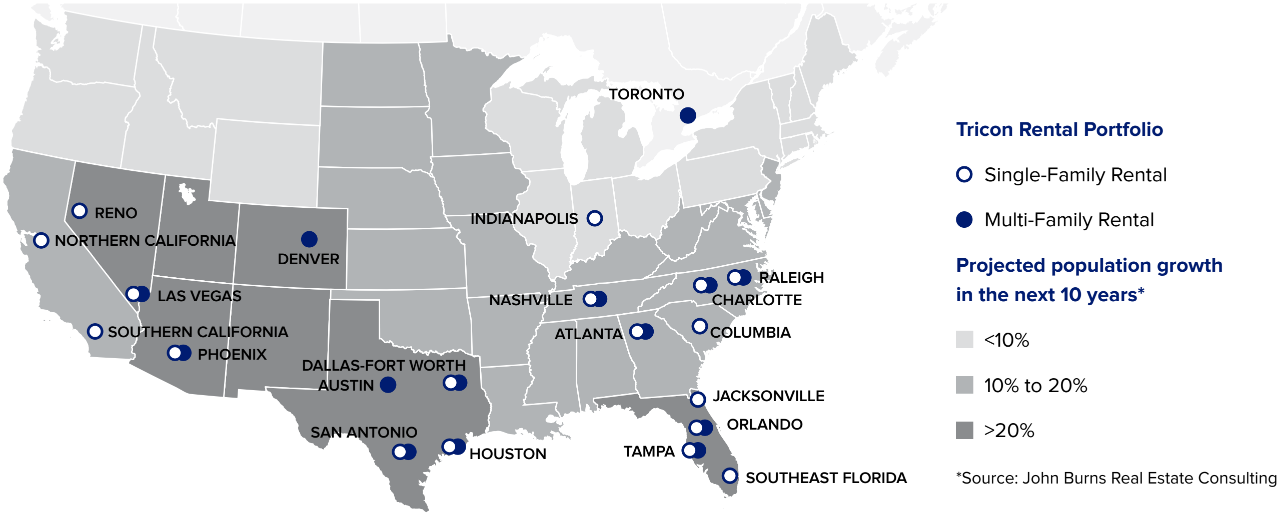
**Includes estimated Canadian multi-family rental units under development based on development plans as of March 31, 2020. See Section 4.3 for details.

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, driven by a friendly business environment, lower tax rates, 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).

Within its targeted geographic markets, Tricon is focused on serving the middle-market resident demographic which consists of over 11 million working-class U.S. households (source: John Burns Real Estate Consulting, 2019). 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 targets markets that are 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 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.



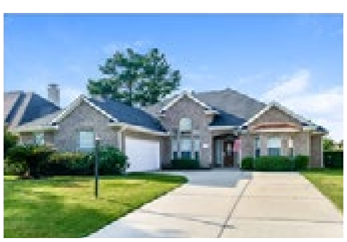
A description of each of the Company’s businesses is provided below.

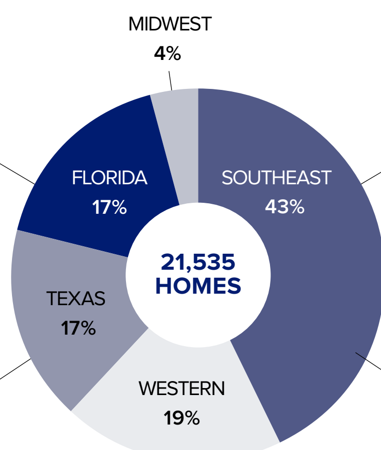
Single-Family Rental

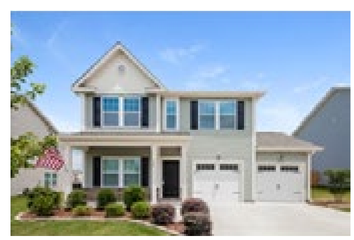
Tricon owns and operates one of the largest portfolios of single-family rental homes in the U.S. Sun Belt, with 21,535 homes (excluding 48 homes held for sale) in 18 markets across ten states as of March 31, 2020. Tricon offers middle-market families the convenience of renting a high-quality, renovated home without costly overhead expenses such as maintenance and property taxes, and with a focus on superior customer service.

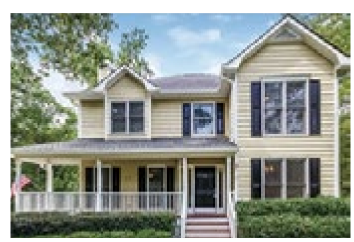
Since entering the single-family rental business in 2012, Tricon has built a technology-enabled platform to support its growth and manage its properties efficiently. The Company’s proprietary technology automates home acquisitions, leasing activities (such as virtual tours and/or self-showings), resident underwriting, revenue management, 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 not easy to replicate, and it intends to apply these capabilities across both its single-family and multi-family rental portfolios.


JACKSONVILLE, FLORIDA


DALLAS, TEXAS




CHARLOTTE, NORTH CAROLINA


ATLANTA, GEORGIA

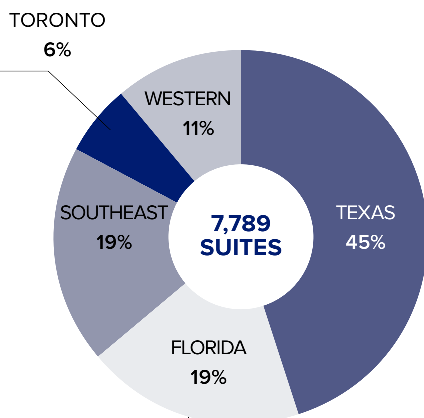
(Excluding 48 homes held for sale)

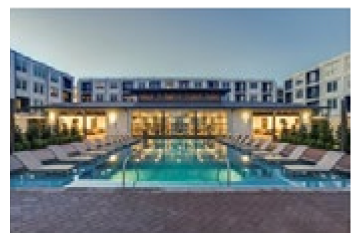
Multi-Family Rental

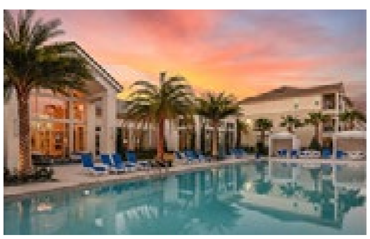
In the U.S., Tricon owns a portfolio of high-quality, affordably priced suburban garden-style apartments primarily in the U.S. Sun Belt, comprised of 23 properties totalling 7,289 suites in 13 major markets. The current portfolio consists of new vintage garden-style complexes featuring resort-style amenities, including swimming pools and well-appointed fitness and common areas, located in desirable suburban neighbourhoods within cities that are largely experiencing strong employment and population growth. 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 property management in the near-to-mid term to produce additional synergies by leveraging existing technology, infrastructure and centralized 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-unit 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. Tricon is one of the most active multi-family rental developers in downtown Toronto with seven projects under development, totalling approximately 2,795 units (including some condominium units). As part of its growth strategy for this business, Tricon continues to scale its portfolio and evaluate opportunities in transit-oriented, walkable neighbourhoods that can support Class A rental apartments.


THE SELBY, TORONTO, ONTARIO




THE CALLIE, DALLAS, TEXAS


ALTIS SAND LAKE, ORLANDO, FLORIDA

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) land development and homebuilding projects predominantly in the U.S.

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

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.

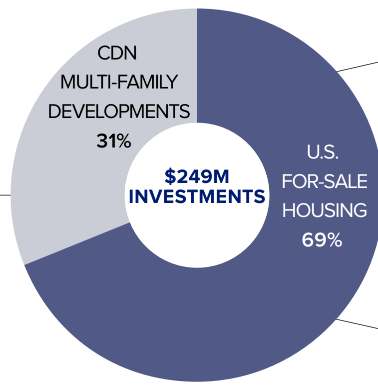
(ii) U.S. single-family rental communities:

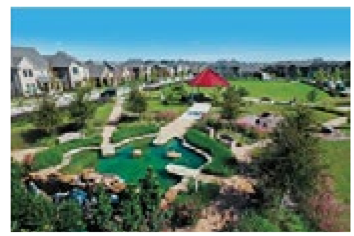
The Company's innovative build-to-rent strategy, which is focused on developing a portfolio of well-designed, dedicated single-family home rental communities, commenced in the third quarter of 2019, following the establishment of a joint venture arrangement with the Arizona State Retirement System. Such 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 anticipates closing on its first investment under this strategy in 2020.

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

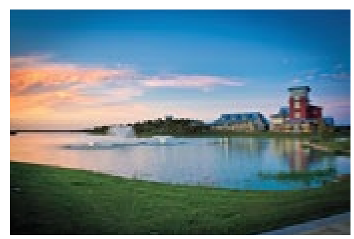
The Company's legacy business provides equity or equity-type financing to experienced local or regional developers and builders of for-sale housing primarily in the U.S. These investments are typically made through Investment Vehicles that hold an interest in land development and homebuilding projects, 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.

THE JAMES, TORONTO, ONTARIO





VIRIDIAN, TEXAS



CROSS CREEK RANCH, TEXAS

(Residential development investments of $249 million represent less than 5% of Tricon's real estate asset value. The investment balance includes Tricon's investments in Canadian multi-family developments, net investments in Canadian development properties under joint operations, and investments in for-sale housing as at March 31, 2020. 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 co-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 $2.5 billion of third-party capital across its single-family rental, multi-family rental and residential development business segments.

Tricon manages third-party capital for seven of the top 50 investors in the world (source: PERE 2019 Top 50 Global Investor report, November 2019) and is ranked 68th globally (third in Canada) based on the amount of private real estate direct investment capital raised since 2014 (source: PERE 100 report, June 2019). In aggregate, the Company has approximately 16 institutional investors in its active Investment Vehicles.

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

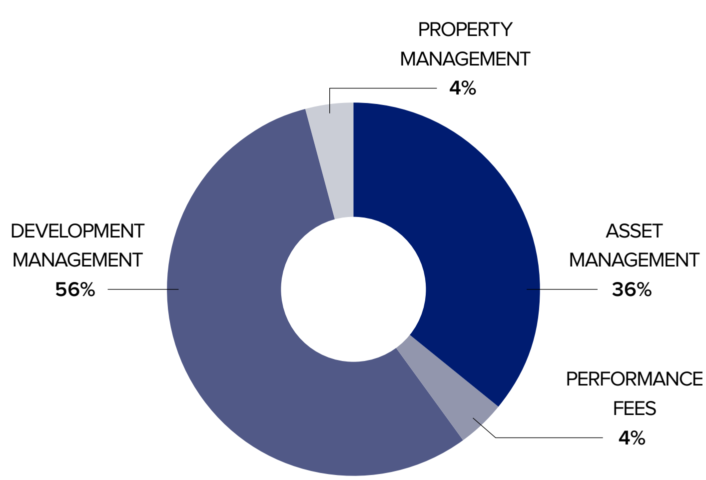
Tricon believes it is prudent to use a combination of balance sheet and third-party capital across its businesses. In particular, third-party capital allows the Company to generate scale and drive operational synergies, diversify capital raising, capitalize on opportunities that would otherwise be too 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 exploring 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, 2020



*Excludes inter-segment revenues which are eliminated to arrive at revenue for IFRS purposes. Refer to Section 4.4 for a summary of revenue from private funds and advisory services for the three months ended March 31, 2020.

COVID-19 developments

During the quarter, the outbreak of COVID-19 and its rapid spread around the globe caused unprecedented disruption to the world's economies and capital markets. The ultimate consequences of the COVID-19 pandemic are still unknown; however, management believes that the Company's strong leadership team, its diverse sources of recurring cash flow and its flexible liquidity profile will help mitigate the impact that COVID-19 may have on Tricon's near-term business performance (see also Section 8.7). Tricon's response to COVID-19 is as follows:

Supporting Tricon's employees

Tricon is committed to the health and safety of over 700 employees across our U.S. and Canadian operations. The Company's employees began working from home as early as March 16, 2020, leveraging Tricon's investments in technology to conduct operations without interruption. Tricon's call centre staff are fully equipped to work from home, and leasing activities are being conducted using virtual tours and self-showings. In-person contact is being minimized for its local market staff, and protective equipment is being used where necessary to continue providing essential maintenance activities.

Supporting Tricon's residents

Tricon is focused on providing its residents with a safe living environment and helping to mitigate the financial impact of COVID-19. The Company has moved to a strong occupancy bias in its rental businesses, and is temporarily halting evictions, waiving late fees, and offering flexible payment plans for residents whose financial well-being has been directly impacted by the pandemic. While the Company remains compassionate in dealing with its residents, alternative payment plans are only available to those experiencing hardship as a result of the pandemic. The Company is also encouraged by the significant government stimulus efforts in the United States and Canada which are largely aimed at helping Tricon's middle-market resident demographic weather the crisis through wage replacement, expanded unemployment insurance and small business loans tied to payroll protection.

The pandemic is a highly dynamic and evolving situation. Tricon will continue to monitor and act according to the direction of relevant federal, state, provincial and municipal governments. The Company remains steadfast and is committed to implementing the necessary actions to protect its employees and residents during this unprecedented time (see Section 3.3).

HIGHLIGHTS

2

2. HIGHLIGHTS

The following section presents highlights for the quarter on a consolidated and proportionate basis. Throughout this section, comparative balances have been recast to conform with the current period presentation.

In response to the outbreak of COVID-19, a business update for the period subsequent to quarter-end has been presented in Section 3.3.

Core funds from operations ("Core CFFO"), Core FFO per share, Adjusted funds from operations ("AFFO") and AFFO per share are KPIs as defined in Section 7.1. The Company's definitions of Core FFO and AFFO reflect all adjustments that are 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)	2020	2019[1]
Financial highlights on a consolidated basis		
Net (loss) income, including:	**$ (40,505)**	**$ 22,666**
Fair value gain on rental properties	20,637	32,674
(Loss) income from investments in for-sale housing	(79,579)	2,227
Basic (loss) earnings per share	**(0.21)**	**0.16**
Diluted (loss) earnings per share	**(0.21)**	**0.15**
Dividends per share	**C$ 0.07**	**C$ 0.07**
Weighted average shares outstanding – basic	**195,080,609**	**144,345,582**
Weighted average shares outstanding – diluted	**196,452,674**	**146,162,105**
Non-IFRS[2] measures on a proportionate basis		
Core funds from operations ("Core FFO")	$ 27,034	$ 8,700
Adjusted funds from operations ("AFFO")	20,391	3,170
Core FFO per share[3]	0.13	0.05
Core FFO per share (CAD)[3],[4]	0.18	0.07
AFFO per share[3]	0.10	0.02
AFFO per share (CAD)[3],[4]	0.14	0.03
Select balance sheet items reported on a consolidated basis	March 31, 2020	December 31, 2019[1]
Total assets	**$ 6,540,842**	**$ 6,486,396**
Total liabilities	**4,939,248**	**4,825,214**
Net assets attributable to shareholders of Tricon	**1,594,040**	**1,653,138**
Rental properties	**5,820,394**	**5,682,525**
Debt	**4,073,777**	**3,955,261**

(1) The comparative period results have been recast to present the consolidated results in conformity with the current period presentation. The reconciliation of the prior period figures under investment entity accounting to consolidated accounting can be found in Sections 3.1 and 3.2.

(2) Non-IFRS measures are presented to illustrate a normalized picture of the Company's performance. Refer to Section 5.

(3) USD/CAD exchange rates used are 1.4187 at March 31, 2020 and 1.3363 at March 31, 2019.

(4) Core FFO per share and AFFO per share are calculated using the total number of weighted average potential dilutive shares outstanding, which was 212,934,511 and 162,653,502, respectively, for the three months ended March 31, 2020 and March 31, 2019.

IFRS measures on a consolidated basis

Net loss for the first quarter of 2020 was $40.5 million compared to net income of $22.7 million in the first quarter of 2019, and included:

- Revenue from rental properties of $116.2 million compared to $67.5 million in the first quarter of 2019, reflecting the U.S. multi-family rental portfolio acquisition in the second quarter of 2019 and significant growth of the single-family rental portfolio along with improvements in average monthly rent and occupancy.
- Direct operating expenses of $41.8 million compared to $23.7 million in the first quarter of 2019, resulting from the aforementioned growth in the multi-family and single-family rental portfolios, as well as higher property taxes across both portfolios due to higher assessed property values.
- Income from investments in Canadian multi-family developments of $5.2 million compared to a loss of $0.9 million in the prior year, driven by the achievement of significant development milestones.
- Compensation and general and administration expense of $13.3 million, unchanged from the prior year as a result of the Company's cost containment efforts.
- Fair value gain on rental properties of $20.6 million compared to $32.7 million in the first quarter of 2019, reflecting a moderation of home price appreciation in Tricon's single-family rental portfolio.
- Loss from investments in for-sale housing of $79.6 million compared to income of $2.2 million in the first quarter of 2019, attributable to updated assumptions regarding the timing and magnitude of future cash flows, to reflect achievable values in the context of the current market environment being negatively impacted by COVID-19.

Non-IFRS measures on a proportionate basis

Core funds from operations ("Core FFO") for the first quarter of 2020 was $27.0 million, an increase of $18.3 million or 211%, compared to $8.7 million in the first quarter of 2019, reflecting growth and operational improvements in the rental portfolios and higher income from Canadian multi-family developments, partly offset by higher interest expense associated with the larger rental portfolios.

Adjusted funds from operations ("AFFO") for the first quarter of 2020 was $20.4 million, reflecting recurring capital expenditures of $6.6 million in Tricon's single-family and multi-family rental properties. Tricon's AFFO payout ratio in the first quarter of 2020 was 47%.

Change in net assets

As at March 31, 2020, Tricon's net assets totalled $1,594 million compared to $1,653 million on December 31, 2019. The $59.1 million decrease reflects a net loss of $40.5 million reported in the quarter (including a fair value gain on its single-family rental properties of $20.6 million and a loss from investments in for-sale housing of $79.6 million), as well as a $6.6 million foreign currency translation loss and $9.5 million of dividends accrued, among other items. The Company recorded no fair value change on its U.S. multi-family rental properties in the first quarter of 2020.

Tricon's net asset value for its for-sale housing investments decreased by $129.3 million from $300.7 million as at December 31, 2019 to $171.4 million as at March 31, 2020, mainly attributable to a fair value loss of $79.6 million and distributions of $51.5 million primarily from the syndication of the Company's investment in the Trinity Falls project. As a result, Tricon's for-sale housing assets now represent less than 3% of total assets of the Company.

CONSOLIDATED FINANCIAL RESULTS

3

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, 2020.

3.1 Review of income statements

Consolidated statements of income

The comparative figures in the Company's consolidated statements of comprehensive income in the table below have been recast as if the current reporting framework under IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), first applied by the Company effective January 1, 2020 on a prospective basis, had been in effect for the three months ended March 31, 2019.

For the three months ended March 31 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	2020	2019	Variance
		Recast (Schedule A)	
Revenue from rental properties	**$ 116,234**	**$ 67,534**	**$ 48,700**
Direct operating expenses	(41,775)	(23,730)	(18,045)
Net operating income from rental properties	74,459	43,804	30,655
Revenue from private funds and advisory services	**7,016**	**6,601**	**415**
Income (loss) from investments in Canadian multi-family developments[1]	5,152	(868)	6,020
(Loss) income from investments in for-sale housing[2]	(79,579)	2,227	(81,806)
Property management overhead	(6,466)	(6,960)	494
Compensation expense	(7,098)	(8,699)	1,601
General and administration expense	(6,169)	(4,634)	(1,535)
Interest expense	(43,943)	(30,601)	(13,342)
Fair value gain on rental properties	20,637	32,674	(12,037)
Other income (expenses)[3],[4]	(14,920)	(5,762)	(9,158)
	(132,386)	(22,623)	(109,763)
(Loss) income before income taxes	**$ (50,911)**	**$ 27,782**	**$ (78,693)**
Income tax recovery (expense) – current	(62)	(1,498)	1,436
Income tax recovery (expense) – deferred	10,468	(3,618)	14,086
Net (loss) income	**$ (40,505)**	**$ 22,666**	**$ (63,171)**
Attributable to:			
Shareholders of Tricon	$ (41,012)	$ 22,519	$ (63,531)
Non-controlling interest	507	147	360
Net (loss) income	**$ (40,505)**	**$ 22,666**	**$ (63,171)**
Other comprehensive income			
Items that will be reclassified subsequently to net income			
Cumulative translation reserve	(6,638)	1,379	(8,017)
Comprehensive (loss) income for the period	**$ (47,143)**	**$ 24,045**	**$ (71,188)**
Attributable to:			
Shareholders of Tricon	$ (47,650)	$ 23,898	$ (71,548)
Non-controlling interest	507	147	360
Comprehensive (loss) income for the period	**$ (47,143)**	**$ 24,045**	**$ (71,188)**
Basic EPS attributable to shareholders of Tricon	**$ (0.21)**	**$ 0.16**	**$ (0.37)**
Diluted EPS attributable to shareholders of Tricon	**$ (0.21)**	**$ 0.15**	**$ (0.36)**
Weighted average shares outstanding – basic	**195,080,609**	**144,345,582**	**50,735,027**
Weighted average shares outstanding – diluted[5]	**196,452,674**	**146,162,105**	**50,290,569**

(1) Includes income from The Selby (Section 4.2.2) and income from The Taylor, West Don Lands, The Ivy, 7 Labatt (Section 4.3.1).

(2) Reflects the net change in the fair values of the underlying investments in the legacy THP business (Section 4.3.2).

(3) Includes income from Canadian development properties under joint operations, The James (Scrivener Square) and The Shops of Summerhill (Section 4.3.1).

(4) For the three months ended March 31, 2020, includes net change in fair value of limited partners' interests of $5,451, realized and unrealized foreign exchange loss of $2,937, and amortization and depreciation expense of $2,777, among other items.

(5) For the three months ended March 31, 2020, the Company's 2022 convertible debentures were anti-dilutive, as debentures interest expense, net of tax, and the net change in fair value of derivative financial instruments would result in increased earnings per share upon conversion. Therefore, in computing the diluted weighted average shares outstanding and the associated earnings per share amount for the three months ended March 31, 2020, the impact of the 2022 convertible debentures was excluded (2019 – excluded).

Schedule A

The table below provides a reconciliation of the consolidated statement of comprehensive income for the three months ended March 31, 2019 from figures previously reported under investment entity accounting in accordance with IFRS 10 to the recast figures shown in the table above.

(in thousands of U.S. dollars)	Previously reported	Adjustments	Recast
Revenue from rental properties	**$ –**	**$ 67,534**	**$ 67,534**
Direct operating expenses	–	(23,730)	(23,730)
Net operating income from rental properties	–	43,804	43,804
Revenue from private funds and advisory services	**7,489**	**(888)**	**6,601**
Loss from investments in Canadian multi-family developments	–	(868)	(868)
Investment income – Tricon American Homes	43,553	(43,553)	–
Investment income – Tricon Lifestyle Rentals	5,387	(5,387)	–
Income from investments in for-sale housing	2,227	–	2,227
Property management overhead	–	(6,960)	(6,960)
Compensation expense	(8,699)	–	(8,699)
General and administration expense	(2,791)	(1,843)	(4,634)
Interest expense	(7,330)	(23,271)	(30,601)
Fair value gain on rental properties	–	32,674	32,674
Other income (expenses)	(10,530)	4,768	(5,762)
	21,817	(44,440)	(22,623)
Income before income taxes	**$ 29,306**	**$ (1,524)**	**$ 27,782**
Income tax expense – current	(1,513)	15	(1,498)
Income tax recovery (expense) – deferred	(3,730)	112	(3,618)
Net income(1)	**$ 24,063**	**$ (1,397)**	**$ 22,666**
Attributable to:			
Shareholders of Tricon	$ 23,916	$ (1,397)	$ 22,519
Non-controlling interest	147	–	147
Net income(1)	**$ 24,063**	**$ (1,397)**	**$ 22,666**
Other comprehensive income			
Items that will be reclassified subsequently to net income			
Cumulative translation reserve(1)	(18)	1,397	1,379
Comprehensive income for the period	**$ 24,045**	**$ –**	**$ 24,045**
Attributable to:			
Shareholders of Tricon	$ 23,898	$ –	$ 23,898
Non-controlling interest	147	–	147
Comprehensive income for the period	**$ 24,045**	**$ –**	**$ 24,045**
Basic EPS attributable to shareholders of Tricon(1)	**$ 0.17**	**$ (0.01)**	**$ 0.16**
Diluted EPS attributable to shareholders of Tricon(1)	**$ 0.16**	**$ (0.01)**	**$ 0.15**
Weighted average shares outstanding – basic	**144,345,582**	**–**	**144,345,582**
Weighted average shares outstanding – diluted	**146,162,105**	**–**	**146,162,105**

(1) The effects of changes in foreign exchange rates for Canadian multi-family developments were accounted for as an investment income under investment entity accounting. Such exchange differences are recognized in other comprehensive income for the Company upon adoption of consolidation accounting framework. As a result, basic and diluted EPS as recast have decreased compared to the amounts under investment entity accounting, as other comprehensive income is not included in net income.

Revenue from rental properties

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

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
Single-family rental	$ 87,671	$ 67,534	$ 20,137
Multi-family rental – U.S.	28,563	–	28,563
Revenue from rental properties	**$ 116,234**	**$ 67,534**	**$ 48,700**

Revenue from rental properties for the three months ended March 31, 2020 totalled $116.2 million, an increase of $48.7 million from the same period in the prior year. The increase is primarily attributable to:

- An increase of $28.6 million in rental revenue from the U.S. multi-family rental portfolio acquired in the second quarter of 2019.
- An increase of $20.1 million in rental revenue from single-family rental properties resulting from significant growth in the portfolio size, along with an improvement in average monthly rent and occupancy (see Section 4.1).

Direct operating expenses

The following table provides further details regarding direct operating expenses for the three months ended March 31, 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
Single-family rental	$ 29,651	$ 23,730	$ (5,921)
Multi-family rental – U.S.	12,124	–	(12,124)
Direct operating expenses	**$ 41,775**	**$ 23,730**	**$ (18,045)**

Direct operating expenses for the three months ended March 31, 2020 were $41.8 million, an increase of $18.0 million compared to the same period in the prior year. The variance is primarily attributable to an increase of $12.1 million from U.S. multi-family rental properties (see Section 4.2.1), acquired in the second quarter of 2019, and a $5.9 million increase from single-family rental properties due to a larger portfolio size and an increase in property taxes as a result of higher assessed property values (see Section 4.1).

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, 2020, net of inter-segment revenue eliminated upon consolidation.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
Asset management fees	$ 2,534	$ 3,048	$ (514)
Performance fees	314	203	111
Development fees	3,922	3,257	665
Property management fees	246	93	153
Revenue from private funds and advisory services	**$ 7,016**	**$ 6,601**	**$ 415**

Revenue from private funds and advisory services for the three months ended March 31, 2020 totalled $7.0 million, an increase of $0.4 million from the same period in the prior year. The increase is primarily attributable to:

- An increase of $0.7 million in development fees driven primarily by increased lot closings and land sales of Johnson-managed land development projects this quarter compared to the same period in the prior year.
- An increase of $0.2 million in property management fees primarily driven by fees earned from The Selby, as it approached full lease-up in the quarter compared to being in an early stage of leasing in the same period of the prior year.
- An offsetting decrease of $0.5 million in asset management fees as significant distributions were realized from investments in for-sale housing over the past twelve months, thereby reducing outstanding invested capital.

Income from investments in Canadian multi-family developments

Investments in Canadian multi-family developments include joint ventures and equity holdings in development projects, which are equity-accounted for in accordance with IAS 28 (as defined in Section 8), namely The Taylor, West Don Lands, The Ivy and 7 Labatt. The Selby, a Canadian multi-family rental property, is also accounted for under the equity method while its operational results are discussed within the Canadian multi-family rental segment in Section 4.2 as the property is now substantially stabilized. The James (Scrivener Square) and The Shops of Summerhill are accounted for as Canadian development properties under joint operations. The income earned from The Shops of Summerhill is grouped with Other income (expenses) given its immaterial nature.

The following table provides further details regarding income from investments in Canadian multi-family developments for the three months ended March 31, 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
Multi-family rental – Canada (The Selby)(1)	$ 55	$ (209)	$ 264
Multi-family rental – Canada (under development)	5,097	(659)	5,756
Income (loss) from investments in Canadian multi-family developments	**$ 5,152**	**$ (868)**	**$ 6,020**

(1) See Section 4.2.2, "Canadian multi-family rental – The Selby", for details of the operational performance of The Selby.

Income from investments in Canadian multi-family developments for the three months ended March 31, 2020 was $5.2 million compared to a loss of $0.9 million for the same period in 2019, an increase of $6.0 million. The variance is attributable to a $5.8 million increase in income from development properties, primarily from fair value gains recognized on the West Don Lands project (Block 8) where construction has commenced, and an increase of $0.3 million in income from The Selby as the property nears stabilization.

(Loss) income from investments in for-sale housing

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
(Loss) income from investments in for-sale housing	$ (79,579)	$ 2,227	$ (81,806)

Loss from investments in for-sale housing for the three months ended March 31, 2020 was $79.6 million compared to income of $2.2 million for the same period in 2019, a decrease of $81.8 million.

Management has prudently applied its judgment and reassessed future projections for the underlying for-sale housing projects given the onset of the financial downturn associated with COVID-19. As a result, the Company recorded a total fair value loss of $79.6 million for the three months ended March 31, 2020, related to the risk of extended timelines and reduction in expected future cash flows from these investments.

Property management overhead

Property management overhead costs are directly incurred expenses by the property management platform for managing properties owned and managed by the Company. These costs include salaries of employees engaged in leasing, acquisition, disposition and other direct property management related activities.

The following table provides further details regarding property management overhead for the three months ended March 31, 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
Property management salaries and benefits	$ 3,217	$ 4,241	$ 1,024
Other property management overhead(1)	3,249	2,719	(530)
Property management overhead	**$ 6,466**	**$ 6,960**	**$ 494**

(1) Includes general and administration expenses, marketing and other expenses attributable to the property management platform.

Property management overhead for the three months ended March 31, 2020 was $6.5 million, a decrease of $0.5 million compared to the same period in the prior year, as a result of cost saving efficiencies achieved from managing a larger rental portfolio.

Compensation expense

The following table provides further details regarding compensation expense, excluding the compensation expense for direct property management employees noted above, for the three months ended March 31, 2020.

For the three months ended March 31 (in thousands of U.S. dollars)		2020	2019	Variance
Salaries and benefits	A	**$ 5,115**	**$ 4,278**	**$ (837)**
Cash-settled(1)		2,067	3,323	1,256
Equity-settled(2)		609	688	79
Annual incentive plan ("AIP")	B	**2,676**	**4,011**	**1,335**
Cash-settled(1)		(2,656)	(57)	2,599
Equity-settled(2)		1,963	467	(1,496)
Long-term incentive plan ("LTIP")	C	**(693)**	**410**	**1,103**
Total compensation expense	A + B + C	**$ 7,098**	**$ 8,699**	**$ 1,601**

(1) Includes cash component and performance share units.

(2) Includes deferred share units, stock options and restricted shares.

Compensation expense for the three months ended March 31, 2020 was $7.1 million, a decrease of $1.6 million compared to the same period in the prior year. The variance is mainly attributable to:

- A decrease of $2.6 million in future cash-settled LTIP expense as a result of lower estimated future performance fees from Investment Vehicles that will be paid to management under the LTIP arrangement.
- A decrease of $1.3 million in total AIP expense, which was accrued based on the AIP framework.
- An offsetting increase of $1.5 million in equity-settled LTIP primarily driven by the surrender of stock options for cash in accordance with the Company's stock option plan.
- An additional offsetting increase of $0.8 million due to staffing increases to accommodate the Company's ongoing growth plans and normal course salary adjustments.

General and administration expense

General and administration expense for the three months ended March 31, 2020 increased by $1.5 million compared to the same period in the prior year. The variance corresponds to the increased scope of the Company's business activities and is in line with expectations given the growth of the Company.

Interest expense

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

For the periods ended March 31	Three months		
(in thousands of U.S. dollars)	2020	2019	Variance
Corporate borrowings	$ 4,654	$ 3,819	$ (835)
Property-level borrowings	35,613	23,226	(12,387)
Convertible debentures	3,595	3,493	(102)
Lease obligations	81	63	(18)
Total interest expense	**$ 43,943**	**$ 30,601**	**$ (13,342)**
Weighted average interest rate	3.79%	4.02%	0.23%

Interest expense was $43.9 million for the three months ended March 31, 2020 compared to $30.6 million for the same period last year, an increase of $13.3 million. The increase was mainly attributable to:

- An increase of $9.1 million in interest from debt assumed on the acquisition of the U.S. multi-family rental portfolio in the second quarter of 2019.
- An increase of $3.3 million in interest expense from the single-family rental segment attributable to a higher outstanding debt balance to finance the acquisition of additional homes in the growing rental business.
- An additional increase of $0.8 million in interest expense from corporate borrowings driven by a higher outstanding credit facility balance.

Fair value gain on rental properties

The following table provides further details regarding the fair value gain on rental properties held by the Company for the three months ended March 31, 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
Fair value gain on rental properties	$ 20,637	$ 32,674	$ (12,037)

Fair value gain on rental properties for the three months ended March 31, 2020 totalled $20.6 million, a decrease of $12.0 million from the same period in the prior year, and was attributable to the single-family rental business segment. The fair value of single-family rental homes is typically determined by using a combination of Broker Price Opinion ("BPO") and the Home Price Index ("HPI") methodologies. As a result of the disruption caused in the market by COVID-19, the Company also used a discounted cash flow analysis to support the fair value of the rental homes at March 31, 2020.

Other income (expenses)

The following table provides further details regarding other income (expenses) for the three months ended March 31, 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
Income from joint operations	$ 48	$ 211	$ (163)
Gain on sale of U.S. multi-family developments	–	4,841	(4,841)
Net change in fair value of derivative financial instruments and other liabilities	(2,144)	(7,279)	5,135
Transaction costs	(1,659)	(2,590)	931
Amortization and depreciation expense	(2,777)	(2,572)	(205)
Realized and unrealized foreign exchange loss	(2,937)	(180)	(2,757)
Net change in fair value of limited partners' interests	(5,451)	1,807	(7,258)
Total other income (expenses)	**$ (14,920)**	**$ (5,762)**	**$ (9,158)**

For the three months ended March 31, 2020, the fair value of limited partners' interests increased by $5.5 million, compared to a decrease of $1.8 million for the same period in the prior year. The net change in fair value of limited partners' interests corresponds to the income earned by the Company's single-family rental joint venture ("SFR JV-1") during the quarter, whereas SFR JV-1 incurred a net loss in the comparative period.

The gain on sale of U.S. multi-family developments of $4.8 million in the three months ended March 31, 2019 arose from the sale of the Company's 90% interest in The McKenzie, a 183-unit purpose-built rental building in Dallas, Texas.

For the three months ended March 31, 2020, the fair value of derivative financial instruments and other liabilities increased by $2.1 million, compared to an increase of $7.3 million for the same period in the prior year, which is reflected as an expense of the Company (2019 – expense). The increase in fair value in the current period is driven primarily by an increase in implied volatility and a decrease in the fair value of the host liability component of the Company's 5.75% extendible convertible unsecured debentures (the "2022 convertible debentures").

Income tax recovery

For the three months ended March 31, 2020, income tax recovery was $10.4 million, an increase of $15.5 million compared to the income tax expense of $5.1 million in the same period in the prior year. The increase in income tax recovery was primarily driven by losses from investments in for-sale housing due to unfavourable market conditions impacted by COVID-19.

3.2 Review of selected balance sheet items

The comparative figures in the Company's consolidated balance sheets in the table below have been recast as if the current reporting framework under IFRS 10, which was first applied by the Company effective January 1, 2020 on a prospective basis, had been in effect as at December 31, 2019.

As at (in thousands of U.S. dollars)	March 31, 2020	December 31, 2019
		Recast (Schedule B)
ASSETS		
Non-current assets		
Rental properties	$ 5,820,394	$ 5,682,525
Investments in Canadian multi-family developments	76,066	75,141
Canadian development properties under joint operations	33,030	35,625
Investments in for-sale housing	171,398	300,653
Deferred income tax assets	101,486	84,749
Restricted cash	83,993	84,082
Intangible assets	15,332	16,396
Other assets	44,012	42,071
Goodwill	108,838	108,838
	6,454,549	**6,430,080**
Current assets		
Cash	53,148	31,107
Amounts receivable	12,905	13,851
Prepaid expenses and deposits	20,240	11,358
Total assets	**$ 6,540,842**	**$ 6,486,396**
LIABILITIES		
Non-current liabilities		
Long-term debt	$ 3,934,863	$ 3,954,977
Other liabilities	4,615	19,764
Limited partners' interests	307,971	285,774
Deferred income tax liabilities	247,982	240,723
Convertible debentures	162,441	161,311
Long-term incentive plan	16,865	21,409
Derivative financial instruments	1,734	629
	4,676,471	**4,684,587**
Current liabilities		
Amounts payable and accrued liabilities	80,014	97,744
Resident security deposits	34,337	32,125
Dividends payable	9,512	10,474
Current portion of long-term debt	138,914	284
Total liabilities	**4,939,248**	**4,825,214**
Equity		
Share capital	1,187,954	1,201,061
Share capital reserve	–	(13,057)
Contributed surplus	17,989	20,223
Cumulative translation adjustment	12,758	19,396
Retained earnings	375,339	425,515
Total shareholders' equity	1,594,040	1,653,138
Non-controlling interest	7,554	8,044
Total equity	**1,601,594**	**1,661,182**
Total liabilities and equity	**$ 6,540,842**	**$ 6,486,396**

Schedule B

The table below provides a reconciliation of balance sheet results as at December 31, 2019 from figures previously disclosed under investment entity accounting in accordance with IFRS 10 to the recast figures shown above.

(in thousands of U.S. dollars)	Previously reported	Adjustments	Recast
ASSETS			
Non-current assets			
Rental properties	$ –	$ 5,682,525	$ 5,682,525
Investments – Tricon American Homes	1,365,007	(1,365,007)	–
Investments – Tricon Lifestyle Rentals	525,932	(525,932)	–
Investments in Canadian multi-family developments	–	75,141	75,141
Canadian development properties under joint operations	–	35,625	35,625
Investments in for-sale housing	300,653	–	300,653
Deferred income tax assets	44,749	40,000	84,749
Restricted cash	–	84,082	84,082
Intangible assets	16,396	–	16,396
Other assets	30,677	11,394	42,071
Goodwill	219	108,619	108,838
	2,283,633	**4,146,447**	**6,430,080**
Current assets			
Cash	8,908	22,199	31,107
Amounts receivable	8,952	4,899	13,851
Prepaid expenses and deposits	796	10,562	11,358
Total assets	**$ 2,302,289**	**$ 4,184,107**	**$ 6,486,396**
LIABILITIES			
Non-current liabilities			
Long-term debt	$ 307,869	$ 3,647,108	$ 3,954,977
Other liabilities	14,329	5,435	19,764
Limited partners' interests	–	285,774	285,774
Deferred income tax liabilities	98,584	142,139	240,723
Convertible debentures	161,311	–	161,311
Long-term incentive plan	21,409	–	21,409
Derivative financial instruments	657	(28)	629
	604,159	**4,080,428**	**4,684,587**
Current liabilities			
Amounts payable and accrued liabilities	26,190	71,554	97,744
Resident security deposits	–	32,125	32,125
Dividends payable	10,474	–	10,474
Current portion of long-term debt	284	–	284
Total liabilities	**641,107**	**4,184,107**	**4,825,214**
Equity			
Share capital	1,201,061	–	1,201,061
Share capital reserve	(13,057)	–	(13,057)
Contributed surplus	20,223	–	20,223
Cumulative translation adjustment	19,396	–	19,396
Retained earnings	425,515	–	425,515
Total shareholders' equity	1,653,138	–	1,653,138
Non-controlling interest	8,044	–	8,044
Total equity	**1,661,182**	**–**	**1,661,182**
Total liabilities and equity	**$ 2,302,289**	**$ 4,184,107**	**$ 6,486,396**

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, 2020 and the year ended December 31, 2019. The comparative figures in the table below have been recast as if the current reporting framework under IFRS 10, which was first applied by the Company effective January 1, 2020 on a prospective basis, had been in effect for the year ended December 31, 2019.

	March 31, 2020			December 31, 2019		
(in thousands of U.S. dollars)	Single-Family Rental	Multi-Family Rental	Total	Single-Family Rental	Multi-Family Rental	Total
Balance, beginning of period	$ 4,337,681	$ 1,344,844	$ 5,682,525	$ 3,357,967	$ –	$ 3,357,967
Initial recognition for business combinations	–	–	–	–	1,338,683	1,338,683
Acquisitions	94,564	–	94,564	733,370	–	733,370
Capital expenditures	25,414	2,010	27,424	115,238	6,161	121,399
Dispositions	(4,756)	–	(4,756)	(18,809)	–	(18,809)
Fair value adjustments	20,637	–	20,637	149,915	–	149,915
Balance, end of period	**$ 4,473,540**	**$ 1,346,854**	**$ 5,820,394**	**$ 4,337,681**	**$ 1,344,844**	**$ 5,682,525**

Rental properties increased by $137.9 million to $5.8 billion as at March 31, 2020, from $5.7 billion as at December 31, 2019. The increase was primarily attributable to:

- Acquisitions of 538 single-family rental homes for $94.6 million.
- Capital expenditures incurred during the quarter of $27.4 million, predominantly driven by $25.4 million of capitalized expenses attributable to the initial renovation of recently acquired single-family rental homes, as well as for the maintenance and enhancement of homes across the single-family rental business.
- Fair value adjustments of $20.6 million recognized during the quarter as the fair value of single-family rental homes increased from December 31, 2019.
- Offsetting dispositions of 32 single-family rental properties with an aggregate cost basis of $4.8 million.

Investments in Canadian multi-family developments

The table below presents the change in investments in Canadian multi-family developments for the three months ended March 31, 2020.

(in thousands of U.S. dollars)	As at December 31, 2019	Advances	Income	Translation adjustment	As at March 31, 2020
Multi-family rental – Canada (The Selby)(1)	$ 19,733	$ –	$ 55	$ (1,668)	$ 18,120
Multi-family rental – Canada (under development)(2)	55,408	2,327	5,097	(4,886)	57,946
Investments in Canadian multi-family developments	**$ 75,141**	**$ 2,327**	**$ 5,152**	**$ (6,554)**	**$ 76,066**

(1) See Section 4.2.2, "Canadian multi-family rental – The Selby", for details of the operational performance of The Selby.

(2) See Section 4.3.1, "Canadian Class A multi-family developments", for details of Canadian multi-family projects under development.

Investments in Canadian multi-family developments increased by $0.9 million to $76.1 million as at March 31, 2020 compared to $75.1 million as at December 31, 2019. The increase was related to a $5.2 million fair value gain (predominantly related to a gain from the West Don Lands project) and cash advances of $2.3 million, partially offset by an unfavourable foreign exchange translation adjustment of $6.6 million resulting from the weaker Canadian dollar this quarter.

Canadian development properties under joint operations

The table below presents the change in investments in Canadian development properties under joint operations for the three months ended March 31, 2020.

(in thousands of U.S. dollars)	As at December 31, 2019	Development expenditures	Translation adjustment	As at March 31, 2020
Canadian development properties under joint operations	$ 35,625	$ 437	$ (3,032)	$ 33,030

Canadian development properties under joint operations include The James (Scrivener Square) and The Shops of Summerhill. The value of these development properties decreased by $2.6 million to $33.0 million compared to $35.6 million as at December 31, 2019, mainly attributable to a $3.0 million unfavourable foreign exchange translation adjustment, partially offset by additional development expenditures of $0.4 million incurred during the quarter.

Investments in for-sale housing

The table below presents the change in investments in for-sale housing for the three months ended March 31, 2020.

(in thousands of U.S. dollars)	As at December 31, 2019	Advances	Loss from investments in for-sale housing	Distributions	As at March 31, 2020
Investments in for-sale housing	$ 300,653	$ 1,802	$ (79,579)	$ (51,478)	$ 171,398

Investments in for-sale housing decreased by $129.3 million to $171.4 million as at March 31, 2020, compared to $300.7 million as at December 31, 2019. The variance was attributable to a fair value loss of $79.6 million, driven by the projected financial impact of COVID-19, and distributions of $51.5 million to Tricon primarily from the syndication of one of its balance sheet investments, partially offset by advances of $1.8 million.

Debt

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

As at (in thousands of U.S. dollars)	March 31, 2020	December 31, 2019	Variance
Single-family rental properties borrowings	$ 2,821,522	$ 2,728,717	$ (92,805)
Multi-family rental properties borrowings	914,840	916,340	1,500
Canadian development properties under joint operations borrowings	12,736	13,935	1,199
Corporate borrowings	335,648	308,153	(27,495)
	4,084,746	**3,967,145**	**(117,601)**
Transaction costs (net of amortization)	(9,093)	(9,896)	(803)
Debt discount (net of amortization)	(1,876)	(1,988)	(112)
Total debt per balance sheet	**$ 4,073,777**	**$ 3,955,261**	**$ (118,516)**
Cash and restricted cash	(137,141)	(115,189)	21,952
Net debt	**$ 3,936,636**	**$ 3,840,072**	**$ (96,564)**
Total assets	**$ 6,540,842**	**$ 6,486,396**	**$ 54,446**
Net debt to assets[(1)]	61.5%	60.3%	

(1) Excludes the 2022 convertible debentures.

Net debt increased by $96.6 million to $3.9 billion as at March 31, 2020, from $3.8 billion as at December 31, 2019. The increase was primarily attributable to:

- An increase of $92.8 million in single-family rental properties borrowings, driven by additional debt incurred to finance home acquisitions in the growing rental business.
- An increase of $27.5 million in corporate borrowings.
- A partially offsetting increase of $22.0 million in cash and restricted cash.

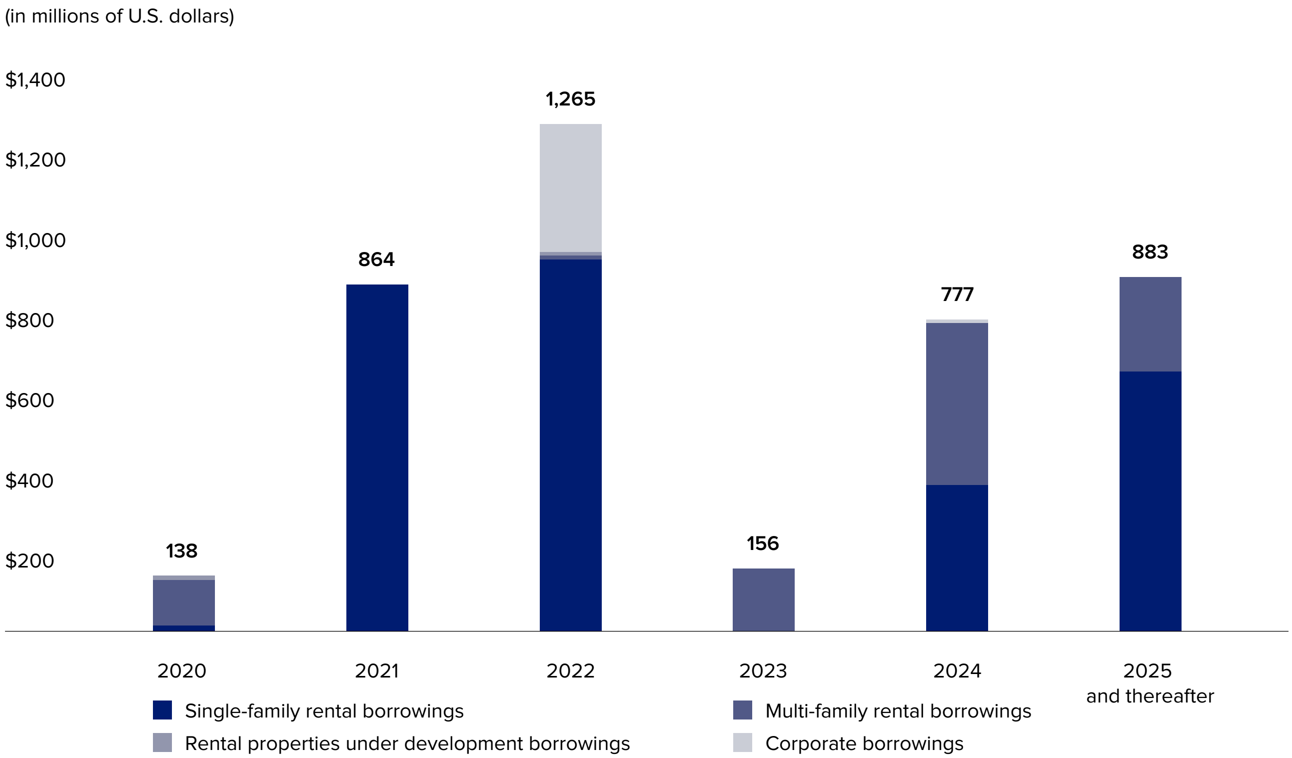
The weighted average interest rate applicable to debt owed by the Company as at March 31, 2020 was 3.79%. The following table summarizes the debt structure and leverage position as at March 31, 2020:

(in thousands of U.S. dollars) Debt structure	Balance	% of total	Weighted average interest rate
Fixed (including floating swapped to fixed)	$ 2,481,965	60.8%	3.63%
Floating	1,602,781	39.2%	4.00%
Total/Weighted average	**$ 4,084,746**	**100.0%**	**3.79%**

Tricon's near-term debt maturities include three debt instruments in its single-family rental business totalling $426 million, which have initial maturities in 2020 that are extendible at Tricon's option. In addition, Tricon's U.S. multi-family business has a $114 million credit facility with a major Canadian financial institution that matures in December 2020. The Company is in active discussions with the lender to extend this maturity to the end of 2021.

An analysis of Tricon's debt maturities is presented below, assuming the exercise of all extension options.

DEBT MATURITY ANALYSIS[1]



(1) Assumes the exercise of all extension options

Goodwill

Goodwill was $108.8 million as at March 31, 2020, comprised primarily of the goodwill recognized upon the deemed acquisitions of the single-family rental and multi-family rental businesses on January 1, 2020 as a result of converting to consolidated accounting.

Other liabilities

Other liabilities were $4.6 million as at March 31, 2020, a decrease of $15.1 million from December 31, 2019. The decrease is primarily attributable to the settlement of the put liability in relation to common shares issued by Tricon in connection with its acquisition of the Starlight U.S. Multi-Family (No. 5) Core Fund on June 11, 2019. These put rights were exercised by their holders during the period (see Section 6.3).

Limited partners' interests

The following table provides details regarding the change in limited partners' interests for the three months ended March 31, 2020.

(in thousands of U.S. dollars)	As at December 31, 2019	Advances	Net change in fair value	As at March 31, 2020
Limited partners' interests	$ 285,774	$ 16,746	$ 5,451	$ 307,971

Limited partners' interests were $308.0 million as at March 31, 2020, an increase of $22.2 million from December 31, 2019. Limited partners' interests in the SFR JV-1 single-family rental joint venture are classified as liabilities under the provisions of IAS 32.

3.3 Subsequent events

COVID-19 related business update

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

Single-family rental

In the single-family rental business, same home occupancy increased to 97.4% as of April 30, 2020, and annualized turnover increased marginally to 22.1% during the month although remaining well below historical levels. Average blended rent growth in April remained strong at 5.0%, driven by 5.6% growth on new move-ins and 4.7% growth on renewals.

The Company collected 98% of April rents, and fewer than 1% of Tricon's single-family rental residents have requested a rent deferral plan because of economic hardship.

As of May 13, 2020, Tricon has collected 90% of May rents, with collections tracking slightly above April's pace at the same point in time.

U.S. multi-family rental

In the U.S. multi-family rental business, occupancy remained stable at 93.6% as of April 30, 2020, and annualized turnover decreased to 43.3% during the month. Average rents for leases signed in April decreased by 2.2% from the previous lease, comprised of a 6.7% decrease on new move-ins offset by 1.0% growth on renewals. The Company collected 98% of April rents, and approximately 3% of Tricon's multi-family rental residents have been approved for a rent deferral plan because of economic hardship.

As occupancy stabilized during April, the Company began to increase effective rents, and average rents for leases signed during May were down by 0.8% (versus the 2.2% reduction in April). The Company has also collected 90% of May rents thus far, with collections tracking slightly above April's pace at the same point in time.

Canadian multi-family rental (The Selby)

In the Canadian multi-family rental business, occupancy at The Selby remained stable at 87.2% as of April 30, 2020. The Company collected 98% of April rents and 93% of May rents thus far.

Company name change and management team update

Tricon's goal is to become North America's pre-eminent rental housing company focused on the broad middle-market demographic by owning quality properties in attractive markets, committing to operational excellence, and delivering exceptional customer service through its integrated technology-enabled operating platform. As a final step in its transformation to a rental company, the Company has realigned its operating structure, is rebranding itself and its operations, and proposes to change its name to "Tricon Residential Inc.", subject to shareholder approval at Tricon's upcoming annual meeting. The new operating structure establishes one unified company and eliminates the parent company/operating subsidiary model that existed under investment entity accounting (including business-to-business names TAH, TLR and THP). The Company intends to continue to have its common shares trade on the TSX under the trading symbol "TCN".

In keeping with the restructuring, changes were made to Tricon's leadership team to reflect the realignment of operations under one entity. The senior executives reporting directly to Gary Berman, President and Chief Executive Officer, are as follows:

- Wissam Francis – EVP and Chief Financial Officer
- Jonathan Ellenzweig – promoted to Chief Investment Officer
- Kevin Baldridge – promoted to Chief Operating Officer
- David Veneziano – Chief Legal Officer
- Sherrie Suski – promoted to Chief People Officer

Quarterly dividend

On May 14, 2020, the Board of Directors of the Company declared a dividend of seven cents per share in Canadian dollars payable on or after July 15, 2020 to shareholders of record on June 30, 2020.

OPERATING RESULTS OF BUSINESSES

4

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 segment-by-segment 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. Operating highlights by segment were previously disclosed on a consolidated or portfolio-wide basis, and have been recast to conform with the current period presentation. 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)	2020	2019
SINGLE-FAMILY RENTAL *(Refer to Section 4.1)*		
Total rental homes managed	21,535	18,094
Net operating income (NOI)(1)	$ 47,668	$ 41,300
Same home net operating income (NOI) margin(1)	65.7%	65.5%
Same home net operating income (NOI) growth(1)	5.5%	N/A
Same home occupancy(1)	96.5%	96.1%
Same home annualized turnover(1)	20.9%	22.6%
Same home average quarterly rent growth – blended(1)	6.1%	6.4%
MULTI-FAMILY RENTAL *(Refer to Section 4.2)*		
U.S. multi-family rental(2),(3) – See Section 4.2.1		
Total suites managed	7,289	–
Net operating income (NOI)	$ 16,439	$ –
Net operating income (NOI) margin	57.6%	–
Occupancy	94.4%	–
Annualized turnover	47.5%	–
Average quarterly rent growth – blended	1.1%	–
Canadian multi-family rental(4) – See Section 4.2.2		
Total suites managed	500	–
Net operating income (NOI)(5)	$ 243	$ –
Net operating income (NOI) margin(5)	62.4%	–
Occupancy(5)	85.8%	–
Leased occupancy(5)	87.6%	–
Annualized turnover(5)	10.4%	–
Average quarterly rent growth – blended(5)	2.4%	–
RESIDENTIAL DEVELOPMENT *(Refer to Section 4.3)*		
Investments in residential developments(6)	$ 249,399	$ 397,815
Residential development Core FFO *(Refer to Section 5)*	5,117	1,972
Cash distributions from investments to Tricon	51,478	4,281
PRIVATE FUNDS AND ADVISORY *(Refer to Section 4.4)*		
Revenue from private funds and advisory services	$ 7,016	$ 6,601
Third-party AUM(7)	2,480,174	1,791,863

(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) Tricon's U.S. multi-family rental portfolio was acquired on June 11, 2019, and operating metrics represent portfolio results for Tricon's ownership period only.
(3) For the three months ended March 31, 2020, the total property results equate to same property results for the U.S. multi-family rental portfolio.
(4) Presented within investments in Canadian multi-family developments and income from Canadian multi-family developments, respectively, on the Company's balance sheet and income statement. Tricon's proportionate share of the operating results and key performance metrics are presented to provide more insight into underlying property operations.
(5) Operating metrics are stated at Tricon's proportionate share of the managed portfolio and exclude limited partners' interests in The Selby.
(6) Represents Tricon's investments in Canadian multi-family developments, net investments in Canadian development properties under joint operations and investments in for-sale housing.
(7) 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. Prior period metrics have also been recast to reflect Tricon's proportionate share.

Tricon's single-family rental segment reported a record high 65.9% NOI margin, 5.9% blended rent growth and 95.5% occupancy. Highlights for the same home portfolio include 5.5% year-over-year NOI growth, a 65.7% NOI margin, 6.1% blended rent growth and 96.5% occupancy.

Operating results

Tricon's single-family rental business has shown resilience through the COVID-19 pandemic as hard-working Americans seek out high-quality, relatively affordable homes where they can keep their families safe. Employee and resident health and safety are the Company's main concerns and as such, field employees wear protective equipment when entering homes and have been trained in social distancing and cleaning procedures. With physical distancing policies in place, there has been a significant increase in leasing inquiries and home tours utilizing Tricon's technology-enabled self-showings and virtual tours for prospective residents. In addition, Tricon has implemented a virtually assisted move-in program whereby Tricon's staff can welcome a new resident and guide them through their new home using live video communication to limit physical contact between residents and employees. Beyond health and safety, Tricon's focus in the near-term is to maintain occupancy, stabilize revenue, reduce turnover and contain operating expenditures.

During the quarter, the single-family rental business realized strong average rent growth of 5.9% comprised of 7.5% growth on new leases and 5.3% on renewals. The annualized turnover rate was 21.4% during the first quarter of 2020, a 0.9% decrease from 22.3% recorded in the same period in 2019. This improvement reflects continuing strong market demand for high-quality, well-located and professionally managed rental homes. Tricon prides itself on its superior customer service which the Company believes is a contributing factor to its strong resident attraction and retention metrics.

The table below presents operational metrics that are key drivers of revenue for the single-family rental segment and ultimately its NOI (KPI measure; refer to Section 7.1). ***The operating metrics below reflect Tricon's proportionate share of the single-family rental portfolio, with the exception of the total number of rental homes comprising the portfolio.***

Proportionate operating metrics	Q1 2020	Q4 2019(1)	Q3 2019(1)	Q2 2019(1)	Q1 2019(1)
Rental homes	21,535	21,014	19,886	19,016	18,094
Occupancy	95.5%	94.5%	94.4%	95.1%	94.5%
Annualized turnover rate	21.4%	25.4%	30.0%	29.7%	22.3%
Average monthly rent(2)	$ 1,420	$ 1,405	$ 1,389	$ 1,371	$ 1,348
Average quarterly rent growth – renewal(3)	5.3%	5.3%	5.1%	5.2%	5.3%
Average quarterly rent growth – new move-in(3)	7.5%	5.5%	8.4%	9.1%	8.8%
Average quarterly rent growth – blended(3)	5.9%	5.3%	6.1%	6.5%	6.3%

(1) Prior period metrics have been recast to reflect Tricon's proportionate share of the single-family rental segment.

(2) 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.

(3) 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.

4.1 Single-Family Rental

The table below presents a breakdown of Tricon's NOI (KPI measure; refer to Section 7.1) for the single-family rental business.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	% of revenue	2019[1]	% of revenue	Variance
Rental revenue	$ 70,567		$ 61,939		$ 8,628
Concessions and abatements	(421)		(414)		(7)
Fees and other revenue	2,813		2,298		515
Bad debt expense	(580)		(511)		(69)
Total revenue from rental properties	72,379	100%	63,312	100%	9,067
Property taxes	11,540	16%	10,201	16%	(1,339)
Repairs, maintenance and turnover	4,992	7%	4,663	7%	(329)
Property management fees	5,115	7%	4,460	7%	(655)
Property insurance	1,140	2%	1,032	2%	(108)
Homeowners' association (HOA) costs	941	1%	724	1%	(217)
Other direct expense	983	1%	932	1%	(51)
Total direct operating expenses	24,711		22,012		(2,699)
Net operating income (NOI)[2]	**$ 47,668**		**$ 41,300**		**$ 6,368**
Net operating income (NOI) margin[2]	**65.9%**		**65.2%**		

(1) The comparative period has been reclassified to conform with the current period presentation.

(2) KPI measure; see Section 7.1.

NOI was $47.7 million for the three months ended March 31, 2020, an increase of $6.4 million or 15% compared to the same period in 2019. The variance in NOI is attributable to an increase of $8.6 million in rental revenue as a result of a larger leased portfolio (Tricon's proportionate share of leased homes was 17,360 in Q1 2020 compared to 16,190 in Q1 2019) as well as strong rent growth and higher occupancy. This change was partially offset by an increase in direct operating expenses of $2.7 million for a larger leased portfolio, including a $1.3 million increase in property taxes as a result of higher assessed property values.

Managed portfolio

The following tables provide 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 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Tricon wholly-owned homes	15,429	15,453	15,500	15,535	15,563
SFR JV-1 homes (34% TCN/66% JV Partners)	6,154	5,624	4,462	3,545	2,568
Total homes managed	21,583	21,077	19,962	19,080	18,131
Less homes held for sale	48	63	76	64	37
Rental homes	21,535	21,014	19,886	19,016	18,094
Homes acquired	538	1,162	918	977	730
Less homes disposed	(32)	(47)	(36)	(28)	(41)
Net homes acquired during the quarter[1]	506	1,115	882	949	689

(1) Of the net homes acquired during the quarter, 530 were acquired by SFR JV-1 and 24 wholly-owned homes were disposed.

Tricon acquired 538 homes (or 506 net of dispositions) during the quarter, with the largest acquisition volumes in Charlotte and Atlanta. Prior to curtailing acquisitions in March as a result of the COVID-19 pandemic, Tricon was on pace to acquire approximately 750 homes. As announced in its news release dated April 16, the Company has temporarily paused acquisitions of single-family rental homes during the pandemic and expects to resume acquisitions when conditions are more stable. As of March 31, 2020, Tricon managed 21,583 homes (21,535 rental homes and 48 homes held for sale) of which 15,429 were wholly-owned by Tricon and 6,154 were owned by SFR JV-1, where Tricon has a one-third equity interest.

4.1 Single-Family Rental

As at March 31, 2020, Tricon's single-family rental portfolio is diversified across 18 markets. Market-level details for all homes managed by Tricon are presented below.

Geography	Rental homes	Average vintage	Average total cost per home (in U.S. dollars)	Average size (sq. feet)	Tricon % ownership
Atlanta	5,004	1997	$ 153,000	1,767	82%
Charlotte	2,347	1998	163,000	1,590	73%
Columbia	914	1996	134,000	1,504	66%
Nashville	877	2009	286,000	1,988	34%
Raleigh	178	2006	202,000	1,511	34%
Southeast United States	**9,320**	**1998**	**$ 167,000**	**1,712**	**73%**
Phoenix	2,029	1995	$ 181,000	1,688	100%
Northern California	1,005	1970	223,000	1,303	100%
Las Vegas	602	1996	179,000	1,648	100%
Southern California	275	1961	188,000	1,300	100%
Reno	248	1981	179,000	1,549	100%
Western United States	**4,159**	**1986**	**$ 191,000**	**1,555**	**100%**
Dallas	1,683	1991	$ 164,000	1,579	79%
Houston	1,470	1993	157,000	1,607	73%
San Antonio	498	1998	159,000	1,617	67%
Texas	**3,651**	**1992**	**$ 161,000**	**1,595**	**75%**
Tampa	1,713	1986	$ 177,000	1,557	90%
Southeast Florida	708	1968	167,000	1,407	100%
Jacksonville	647	1994	160,000	1,522	79%
Orlando	456	1988	180,000	1,492	96%
Florida	**3,524**	**1984**	**$ 172,000**	**1,512**	**91%**
Indianapolis	881	2002	$ 150,000	1,640	67%
Midwest United States	**881**	**2002**	**$ 150,000**	**1,640**	**67%**
Total/Weighted average	**21,535**	**1993**	**$ 171,000**	**1,627**	**81%**

4.1 Single-Family Rental

Operating results – Same home portfolio

"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 included in the same home portfolio will have satisfied the conditions described above prior to September 30, 2018, and those homes are held in operations throughout the full periods presented in both 2019 and 2020.

The operating metrics below reflect Tricon's proportionate share of the same home portfolio, with the exception of the total number of homes comprising the same home portfolio.

For the three months ended March 31 (in thousands of U.S. dollars, except per home data)	2020	2019	Variance
Operating metrics – same home			
Tricon wholly-owned rental homes	14,848	14,848	–
SFR JV-1 homes (34% TCN/66% JV Partners)	530	530	–
Rental homes	15,378	15,378	–
Occupancy	96.5%	96.1%	0.4%
Annualized turnover rate	20.9%	22.6%	1.7%
Average monthly rent(1)	$ 1,420	$ 1,356	$ 64
Average quarterly rent growth – renewal(2)	5.4%	5.3%	0.1%
Average quarterly rent growth – new move-in(2)	7.9%	8.8%	(0.9%)
Average quarterly rent growth – blended(2)	6.1%	6.4%	(0.3%)

(1) 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.

(2) 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.

For the same home portfolio, blended rent growth for the quarter was 6.1% (including 7.9% on new leases), accompanied by a 40 basis point increase in occupancy to 96.5% from 96.1% recorded in the same period in 2019. The portfolio's annualized turnover rate decreased by 170 basis points to 20.9% for the three months ended March 31, 2020 compared to 22.6% in the same period in 2019.

The following table provides details of the same home portfolio results for the three months ended March 31, 2020 and March 31, 2019.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	% of revenue	2019	% of revenue	Variance
Income statement – same home					
Rental revenue	$ 61,603		$ 58,852		$ 2,751
Concessions and abatements	(221)		(349)		128
Fees and other revenue	2,330		1,970		360
Bad debt	(509)		(485)		(24)
Total revenue from rental properties	63,203	100%	59,988	100%	3,215
Revenue growth					5.4%
Property taxes	10,128	16%	9,591	16%	(537)
Repairs, maintenance and turnover	4,578	7%	4,421	7%	(157)
Property management fees	4,455	7%	4,233	7%	(222)
Property insurance	1,044	2%	977	2%	(67)
Homeowners' association (HOA) costs	727	1%	672	1%	(55)
Other direct expense	777	1%	772	1%	(5)
Total direct operating expenses	21,709		20,666		(1,043)
Operating expense variance					(5.0%)
Net operating income (NOI)	**$ 41,494**		**$ 39,322**		**$ 2,172**
Net operating income (NOI) growth					**5.5%**
Net operating income (NOI) margin	**65.7%**		**65.5%**		

Total revenue for the same home portfolio increased by $3.2 million or 5.4% to $63.2 million in the first quarter of 2020 compared to $60.0 million for the same period in the prior year. The increase was primarily attributable to a $2.8 million increase in rental revenue as a result of increases in the average monthly rent and occupancy, combined with a $0.4 million increase in ancillary revenue from early lease termination fees and various other service-related fees.

Same home operating expenses increased by $1.0 million or 5% to $21.7 million in the first quarter of 2020 from $20.7 million in the same period in 2019. This variance is largely attributable to the following expenses:

- **Property taxes** – Higher property taxes were accrued during the period as home prices have appreciated in Tricon's markets, increasing the expense by $0.5 million or 6% to $10.1 million. Tricon continues to work with a property tax consultant to monitor tax assessments in future quarters for any possible impact arising from COVID-19.
- **Repairs, maintenance and turnover** – These costs increased by $0.2 million or 4% to $4.6 million as a result of a $0.4 million increase in repair costs caused by heavy rainfall in certain markets, partially offset by a $0.2 million decrease in turnover costs resulting from a combination of lower turnover volumes and a 12% reduction in the average turnover expense per home.
- **Property management fees** – These fees increased by $0.2 million or 5% to $4.5 million, in line with revenue growth. They are consistent with the comparative period and remain at approximately 7% of revenue.
- **Property insurance** – Higher insurance premium rates resulted in an increase in property insurance expense of $0.1 million or 7% to $1.0 million. Property insurance contracts are negotiated and renewed annually.
- **Homeowners' association ("HOA") costs** – Higher HOA fees in some markets led to an increase in HOA costs of $0.1 million or 8% to $0.7 million.

With strong revenue growth and controlled expenses, same home NOI increased by 5.5% year-over-year to $41.5 million in the first quarter of 2020 compared to $39.3 million in the first quarter of 2019. Same home NOI margin increased to 65.7% in the first quarter of 2020 from 65.5% in the same period in the prior year.

As at March 31, 2020, the same home portfolio is diversified across 16 target markets. Same home market-level details are presented below.

Year-over-year comparison

		NOI(1)			NOI Margin(1)		
Geography	Homes	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019	Change
Atlanta	3,701	$ 9,154	$ 8,634	6.0%	66.0%	66.3%	(0.3%)
Charlotte	1,518	3,844	3,698	3.9%	71.1%	71.5%	(0.4%)
Columbia	472	938	819	14.5%	61.2%	58.4%	2.8%
Southeast United States	**5,691**	**$ 13,936**	**$ 13,151**	**6.0%**	**67.0%**	**67.1%**	**(0.1%)**
Phoenix	1,766	$ 5,177	$ 4,698	10.2%	73.0%	70.9%	2.1%
Northern California	995	3,952	3,727	6.0%	71.8%	72.5%	(0.7%)
Las Vegas	585	1,858	1,774	4.7%	75.1%	76.6%	(1.5%)
Reno	247	1,000	921	8.6%	80.2%	78.4%	1.8%
Southern California	238	856	803	6.6%	65.9%	65.5%	0.4%
Western United States	**3,831**	**$ 12,843**	**$ 11,923**	**7.7%**	**72.9%**	**72.4%**	**0.5%**
Tampa	1,481	$ 4,057	$ 4,102	(1.1%)	61.2%	63.8%	(2.6%)
Southeast Florida	680	2,000	1,992	0.4%	56.5%	58.7%	(2.2%)
Jacksonville	465	1,151	1,077	6.9%	64.6%	62.4%	2.2%
Orlando	433	1,184	1,079	9.7%	63.9%	60.5%	3.4%
Florida	**3,059**	**$ 8,392**	**$ 8,250**	**1.7%**	**60.8%**	**61.9%**	**(1.1%)**
Dallas	1,199	$ 2,852	$ 2,648	7.7%	57.4%	55.6%	1.8%
Houston	891	1,865	1,838	1.5%	54.0%	54.9%	(0.9%)
San Antonio	236	517	413	25.2%	57.6%	49.2%	8.4%
Texas	**2,326**	**$ 5,234**	**$ 4,899**	**6.8%**	**56.2%**	**54.8%**	**1.4%**
Indianapolis	471	1,089	1,102	(1.2%)	65.4%	67.3%	(1.9%)
Midwest United States	**471**	**$ 1,089**	**$ 1,102**	**(1.2%)**	**65.4%**	**67.3%**	**(1.9%)**
Total/Weighted average	**15,378**	**$ 41,494**	**$ 39,325**	**5.5%**	**65.7%**	**65.5%**	**0.2%**

(1) Represents Tricon's proportionate share of NOI and NOI margin of the same home portfolio.

4.1 Single-Family Rental

Geography	Rental homes	Average monthly rent[1],[2]			Occupancy[1]		
		Q1 2020	Q1 2019	Change (%)	Q1 2020	Q1 2019	Change (%)
Atlanta	3,701	$ 1,310	$ 1,247	5.1%	95.9%	94.8%	1.1%
Charlotte	1,518	1,275	1,223	4.3%	96.7%	96.7%	–
Columbia	472	1,163	1,141	1.9%	96.6%	90.7%	5.9%
Southeast United States	**5,691**	**$ 1,289**	**$ 1,232**	**4.6%**	**96.2%**	**95.0%**	**1.2%**
Phoenix	1,766	$ 1,337	$ 1,236	8.2%	97.1%	97.9%	(0.8%)
Northern California	995	1,859	1,744	6.6%	98.8%	98.5%	0.3%
Las Vegas	585	1,414	1,323	6.9%	98.1%	98.1%	–
Reno	247	1,682	1,570	7.1%	98.2%	96.6%	1.6%
Southern California	238	1,850	1,722	7.4%	97.6%	98.1%	(0.5%)
Western United States	**3,831**	**$ 1,538**	**$ 1,433**	**7.3%**	**97.8%**	**98.0%**	**(0.2%)**
Tampa	1,481	$ 1,541	$ 1,487	3.6%	96.6%	96.1%	0.5%
Southeast Florida	680	1,759	1,699	3.5%	96.2%	96.3%	(0.1%)
Jacksonville	465	1,309	1,284	1.9%	95.5%	97.4%	(1.9%)
Orlando	433	1,449	1,392	4.1%	96.5%	97.8%	(1.3%)
Florida	**3,059**	**$ 1,542**	**$ 1,491**	**3.4%**	**96.3%**	**96.6%**	**(0.3%)**
Dallas	1,199	$ 1,461	$ 1,416	3.2%	95.7%	95.7%	–
Houston	891	1,357	1,336	1.6%	94.4%	94.4%	–
San Antonio	236	1,325	1,290	2.7%	95.5%	91.2%	4.3%
Texas	**2,326**	**$ 1,407**	**$ 1,372**	**2.6%**	**95.1%**	**94.7%**	**0.4%**
Indianapolis	471	1,224	1,193	2.6%	98.2%	97.5%	0.7%
Midwest United States	**471**	**$ 1,224**	**$ 1,193**	**2.6%**	**98.2%**	**97.5%**	**0.7%**
Total/Weighted average	**15,378**	**$ 1,420**	**$ 1,356**	**4.7%**	**96.5%**	**96.1%**	**0.4%**

(1) Represents Tricon's proportionate share of average monthly rent and occupancy of the same home portfolio.

(2) 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. The year-over-year change in average monthly rent does not equal the average quarterly rent growth, which is calculated as the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease.

4.1 Single-Family Rental

Quarter-over-quarter comparison

Geography	Rental homes	Average monthly rent(1) Q1 2020	Average monthly rent(1) Q4 2019	Average monthly rent(1) Change (%)	Occupancy(1) Q1 2020	Occupancy(1) Q4 2019	Occupancy(1) Change (%)
Atlanta	3,701	$ 1,310	$ 1,297	1.0%	95.9%	95.3%	0.6%
Charlotte	1,518	1,275	1,269	0.5%	96.7%	95.1%	1.6%
Columbia	472	1,163	1,157	0.5%	96.6%	95.1%	1.5%
Southeast United States	**5,691**	**$ 1,289**	**$ 1,278**	**0.9%**	**96.2%**	**95.2%**	**1.0%**
Phoenix	1,766	$ 1,337	$ 1,311	2.0%	97.1%	97.4%	(0.3%)
Northern California	995	1,859	1,834	1.4%	98.8%	98.5%	0.3%
Las Vegas	585	1,414	1,388	1.9%	98.1%	97.6%	0.5%
Reno	247	1,682	1,655	1.6%	98.2%	97.0%	1.2%
Southern California	238	1,850	1,800	2.8%	97.6%	96.3%	1.3%
Western United States	**3,831**	**$ 1,538**	**$ 1,511**	**1.8%**	**97.8%**	**97.6%**	**0.2%**
Tampa	1,481	$ 1,541	$ 1,534	0.5%	96.6%	95.3%	1.3%
Southeast Florida	680	1,759	1,746	0.7%	96.2%	95.2%	1.0%
Jacksonville	465	1,309	1,303	0.5%	95.5%	97.0%	(1.5%)
Orlando	433	1,449	1,428	1.5%	96.5%	97.7%	(1.2%)
Florida	**3,059**	**$ 1,542**	**$ 1,531**	**0.7%**	**96.3%**	**95.9%**	**0.4%**
Dallas	1,199	$ 1,461	$ 1,446	1.0%	95.7%	95.6%	0.1%
Houston	891	1,357	1,359	(0.1%)	94.4%	93.0%	1.4%
San Antonio	236	1,325	1,321	0.3%	95.5%	94.9%	0.6%
Texas	**2,326**	**$ 1,407**	**$ 1,400**	**0.5%**	**95.1%**	**94.5%**	**0.6%**
Indianapolis	471	1,224	1,223	0.1%	98.2%	96.5%	1.7%
Midwest United States	**471**	**$ 1,224**	**$ 1,223**	**0.1%**	**98.2%**	**96.5%**	**1.7%**
Total/Weighted average	**15,378**	**$ 1,420**	**$ 1,406**	**1.0%**	**96.5%**	**95.9%**	**0.6%**

(1) Represents Tricon's proportionate share of average monthly rent and occupancy of the same home portfolio.

4.1 Single-Family Rental

Geography	Rent growth[(1)] Renewal	New move-in	Blended
Atlanta	6.1%	7.1%	6.3%
Charlotte	4.0%	6.7%	5.0%
Columbia	3.9%	3.3%	3.7%
Southeast United States	**5.8%**	**6.6%**	**5.9%**
Phoenix	5.8%	16.2%	9.1%
Northern California	6.0%	11.4%	7.1%
Las Vegas	6.2%	9.1%	6.8%
Reno	5.9%	9.0%	6.7%
Southern California	7.6%	15.2%	9.6%
Western United States	**6.0%**	**14.3%**	**8.3%**
Tampa	4.9%	2.9%	4.2%
Southeast Florida	3.4%	5.6%	4.0%
Jacksonville	4.2%	4.2%	4.2%
Orlando	4.0%	8.9%	4.9%
Florida	**4.1%**	**4.5%**	**4.2%**
Dallas	5.0%	3.6%	4.5%
Houston	4.0%	(0.9%)	2.3%
San Antonio	4.9%	3.6%	4.4%
Texas	**4.6%**	**1.9%**	**3.7%**
Indianapolis	3.8%	(1.1%)	1.6%
Midwest United States	**3.8%**	**(1.1%)**	**1.6%**
Total/Weighted average	**5.4%**	**7.9%**	**6.1%**

(1) Represents quarterly rent growth on Tricon's proportionate share of the same home portfolio, calculated as the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease and reflecting the impact of rent concessions amortized over the life of the related lease.

4.1 Single-Family Rental

Rental properties

The table below presents the change in Tricon's proportionate share of the fair value of rental properties for the three months ended March 31, 2020 and March 31, 2019.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019
Cost basis of rental properties, beginning of period	$ 2,913,716	$ 2,563,505
Acquisition of rental properties	33,526	69,350
Disposition of rental properties	(4,557)	(5,196)
Renovation capital expenditures	9,006	11,282
Recurring capital expenditures	5,562	5,530
Value-enhancing capital expenditures	2,659	2,656
Total cost basis of rental properties	2,959,912	2,647,127
Cumulative fair value adjustment	685,011	566,923
Fair value of rental properties	**$ 3,644,923**	**$ 3,214,050**

For the three months ended March 31, 2020, Tricon acquired 538 homes compared to 689 for the three months ended March 31, 2019. Of the homes acquired during the quarter, 530 were acquired in SFR JV-1 compared to 565 during the same period in the prior year. The decrease in acquisitions is the main driver of the decrease in renovation capital expenditures.

The following table presents details regarding Tricon's proportionate share of cost to maintain for the single-family rental portfolio.

(in thousands of U.S. dollars, except cost to maintain per home and cost to maintain per square foot)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Recurring operating expense					
Repairs and maintenance operating expense	$ 3,655	$ 3,673	$ 3,550	$ 3,459	$ 3,108
Turnover operating expense	1,337	1,877	1,731	1,458	1,555
Total recurring operating expense	**4,992**	**5,550**	**5,281**	**4,917**	**4,663**
Recurring capital expenditures					
Repairs and maintenance capital expense	$ 4,136	$ 2,818	$ 4,848	$ 5,020	$ 4,104
Turnover capital expense	1,426	1,299	1,587	2,063	1,426
Total recurring capital expenditures	**5,562**	**4,117**	**6,435**	**7,083**	**5,530**
Annualized recurring operating expense per home	1,160	1,317	1,277	1,204	1,164
Annualized recurring capital expense per home	1,293	977	1,555	1,734	1,381
Total annualized cost to maintain per home	**$ 2,453**	**$ 2,294**	**$ 2,832**	**$ 2,938**	**$ 2,545**
Total annualized cost to maintain per square foot	**$ 1.52**	**$ 1.42**	**$ 1.76**	**$ 1.83**	**$ 1.59**

The following table provides details regarding Tricon's proportionate share of total capital expenditures incurred for the single-family rental portfolio.

(in thousands of U.S. dollars)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Renovation capital expenditures(1)	$ 9,006	$ 11,745	$ 17,952	$ 12,561	$ 11,282
Recurring capital expenditures(2)	5,562	4,117	6,435	7,083	5,530
Value-enhancing capital expenditures(3)	2,659	3,014	2,983	2,549	2,656
Total capital expenditures	**$ 17,227**	**$ 18,876**	**$ 27,370**	**$ 22,193**	**$ 19,468**

(1) 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.

(2) Recurring capital expenditures represent ongoing costs associated with maintaining and preserving the quality of a property after the home has been renovated.

(3) Value-enhancing capital expenditures are defined as capital expenditures that go above and beyond maintaining the quality of a property and are incurred for the purpose of increasing expected future returns.

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 seven other properties in downtown Toronto are currently under development and are discussed in Section 4.3).

4.2.1 U.S. multi-family rental

Highlights for the U.S. multi-family rental segment for the quarter include a 57.6% NOI margin and 94.4% occupancy rate. The portfolio also achieved a 47.5% annualized turnover rate, a meaningful reduction from prior quarters.

Several metrics in the tables and disclosure throughout this subsection relating to periods prior to the Company's ownership of the U.S. multi-family rental portfolio are KPI measures that were reported historically (refer to Starlight U.S. Multi-Family (No. 5) Core Fund profile on SEDAR at www.sedar.com) while some are Tricon KPIs (as defined in Section 7.1) not previously reported. Any differences are described in the notes to the relevant tables below. Management believes this historical information is useful in understanding the performance of the acquired portfolio.

Operating results

Tricon internalized the asset management function of its U.S. multi-family rental properties on January 13, 2020 (see Section 6.3).

Beginning in late March, Tricon was proactive in closing amenities at its U.S. multi-family rental properties to reduce personal contact amidst the COVID-19 pandemic. On-site leasing and management offices were also closed to in-person traffic, and virtual leasing was instituted across all properties. Tricon also developed financial policies to assist residents during this time, including waiving late fees, enrolling qualified residents in rent deferral programs and halting the eviction process for non-payment of rent, consistent with others in the industry.

Since acquiring the 23-property portfolio in June 2019 in connection with its acquisition of the Starlight U.S. Multi-Family (No. 5) Core Fund, Tricon's primary focus has been on improving occupancy, which was reflected in first quarter average occupancy of 94.4% in 2020, an increase of 130 basis points compared to the same period in 2019. In addition, this quarter's annualized turnover rate of 47.5% is a record-low, reflecting Tricon's proactive approach to asset management and a desire to drive strong occupancy and retention by providing a high level of customer service.

Average portfolio rent growth was 1.1% during the quarter resulting from strong renewal rent growth of 3.4%, but partially offset by a modest decrease in new-lease rent growth; new lease spreads were trending higher for most of the quarter but were proactively reversed in March with the onset of the COVID-19 pandemic through the use of rental concessions to stabilize occupancy. This trend is expected to persist through the second quarter of 2020 and likely beyond, during which time Tricon will continue to focus on preserving occupancy through resident retention while reducing both operating and capital expenses where possible.

The table below provides a summary of certain operating metrics for the U.S. multi-family rental segment that management uses to evaluate performance over time. The metrics are key drivers of revenue for the multi-family rental business and ultimately its NOI (KPI measure; refer to Section 7.1).

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Number of suites	7,289	7,289	7,289	7,289	7,289
Occupancy(1)	94.4%	94.9%	95.2%	94.7%	93.1%
Annualized turnover rate(2)	47.5%	51.3%	52.9%	53.5%	N/A
Average monthly rent(3)	$ 1,244	$ 1,233	$ 1,234	$ 1,236	$ 1,232
Average quarterly rent growth – renewals(2),(4)	3.4%	4.6%	4.5%	4.4%	N/A
Average quarterly rent growth – new move-in(2),(4)	(1.7%)	(1.7%)	–	(0.3%)	N/A
Average quarterly rent growth – blended(2),(4)	1.1%	1.1%	2.1%	1.9%	N/A

(1) The occupancy rate from Q2 2019 to Q1 2020 represents average physical occupancy (refer to Section 7.1 for Tricon's definition of this KPI), while the occupancy rate for Q1 2019 represents economic occupancy as previously reported by the U.S. multi-family rental portfolio under prior ownership.

(2) These metrics are Tricon's KPIs and they were not previously disclosed by the U.S. multi-family rental portfolio under prior ownership.

(3) 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.

(4) 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.

4.2 Multi-Family Rental

The table below presents a breakdown of Tricon's NOI (KPI measure; refer to Section 7.1) for the U.S. multi-family rental business. The financial information presented in the table includes prior-year results reported for comparability, although Tricon did not own the portfolio prior to June 11, 2019. Management believes this information is useful in understanding the performance of the acquired portfolio.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	% of revenue	2019[1]	Variance
Rental revenue	$ 25,584			
Concessions and abatements	(82)			
Fees and other revenue	3,548			
Bad debt expense	(487)			
Total revenue from rental properties	**$ 28,563**	**100%**	**$ 27,982**	**$ 581**
Property taxes	4,802	17%		
Repairs, maintenance and turnover	1,152	4%		
Property management costs	2,965	10%		
Utilities and other direct costs[2]	1,745	6%		
Property insurance	614	2%		
Marketing and leasing	353	1%		
Other property operating expenses	493	2%		
Total direct operating expenses	**12,124**		**11,498**	**(626)**
Net operating income (NOI)[3]	**$ 16,439**		**$ 16,484**	**$ (45)**
Net operating income (NOI) margin[3]	**57.6%**		**58.9%**	

Note: Given that the suite count did not change from 2019 to 2020, this should also be considered the "Same Property" portfolio.

(1) The comparative period has been reclassified to conform with the current period presentation. Bad debt expense of $243 was reclassified from direct operating expenses to rental revenue, which did not impact NOI but had a favourable impact on the Q1 2019 NOI margin of 50 basis points. One-time insurance recoveries of $233 were reclassified out of Q1 2019 NOI since they do not meet Tricon's definition of operating activities. This amount was previously included in revenue by the U.S. multi-family rental portfolio under prior ownership.

(2) Utilities and other direct costs include water and sewer expense, trash expense, electricity and gas and cable contract costs.

(3) KPI measure; see Section 7.1.

Total portfolio NOI for the three months ended March 31, 2020 remained relatively stable at $16.4 million compared to $16.5 million for the same period in 2019.

For the three months ended March 31, 2020, revenue increased by $0.6 million or 2.1% to $28.6 million compared to $28.0 million for the same period in 2019. The increase is primarily a result of the following:

- Increased occupancy attributable to proactive asset and property management efforts, including increased retention rates, enhanced marketing programs and website improvements, as well as a reduction in leases expiring in the first half of the year.
- Higher average monthly rent of $1,244 compared to $1,232 in the first quarter of 2019.
- Lower rent concession offerings as Tricon's asset management enforced effective pricing discipline resulting in a reduction in the use of rental incentives; this trend was partially offset by a moderate increase in the use of concessions in March with the onset of COVID-19.

The increase in revenue was partially offset by a higher bad debt expense, as the Company wrote off rents receivable that had aged beyond 30 days and which may become uncollectible as a result of the COVID-19 pandemic. Excluding this increase in the bad debt expense, NOI for the first quarter of 2020 would have been $16.8 million with a 58.0% NOI margin. In addition, through the first two months of the quarter, NOI had increased by 3.1% compared to the 2019 January and February results.

Total operating expenses increased by $0.6 million or 5.4% to $12.1 million compared to $11.5 million in the same period in 2019. This unfavourable variance is primarily attributable to the following:

- Higher property insurance expense reflecting dramatically rising premiums in the insurance market; specifically, property insurance costs increased by 27% year-over-year, which is consistent with rate increases for similarly-sized portfolios in Tricon's markets.
- Additional costs incurred to provide new ancillary services for residents, including entertainment packages and valet waste removal (largely offset by higher fees and other revenue).
- A 3% increase in property taxes associated with normal course increases in property values. Tricon continues to work with a number of property tax consultants to monitor and challenge tax assessments where appropriate.

4.2 Multi-Family Rental

Market-level results

The U.S. multi-family rental business is diversified across 13 markets. Market-level details on all the properties owned by the Company are presented below.

Geography	Properties	Average vintage	Average cost per property	Suites	Average suite size (sq. feet)
Austin	4	2010	$ 61,466	1,454	941
Houston	3	2009	55,103	1,098	942
Dallas	2	2012	51,670	640	922
San Antonio	1	2013	39,458	276	874
Texas	**10**	**2010**	**$ 55,370**	**3,468**	**932**
Orlando	4	2012	$ 69,354	1,215	1,059
Tampa	1	2014	64,794	304	998
Florida	**5**	**2012**	**$ 68,442**	**1,519**	**1,047**
Atlanta	2	2012	$ 60,800	607	860
Charlotte	1	2015	58,848	320	973
Nashville	1	2015	47,422	288	1,085
Raleigh	1	2014	51,033	265	996
Southeast United States	**5**	**2014**	**$ 55,780**	**1,480**	**953**
Las Vegas	1	2012	$ 61,928	320	1,042
Phoenix	1	2012	53,922	274	966
Denver	1	2014	56,197	228	930
Western United States	**3**	**2013**	**$ 57,349**	**822**	**986**
Total/Weighted average	**23**	**2012**	**$ 58,559**	**7,289**	**966**

		NOI			NOI Margin(3)		
Geography	Suites	Q1 2020	Q1 2019	Change (%)	Q1 2020	Q1 2019	Change (%)
Austin	1,454	$ 3,031	$ 2,890	4.9%	54.3%	54.0%	0.3%
Houston(1)	1,098	2,005	2,169	(7.6%)	51.3%	55.4%	(4.1%)
Dallas	640	1,062	990	7.3%	48.2%	46.5%	1.7%
San Antonio	276	450	472	(4.7%)	46.7%	49.7%	(3.0%)
Texas	**3,468**	**$ 6,548**	**$ 6,521**	**0.4%**	**51.7%**	**52.8%**	**(1.1%)**
Orlando	1,215	$ 3,255	$ 3,385	(3.8%)	60.3%	63.6%	(3.3%)
Tampa	304	801	808	(0.9%)	62.8%	64.2%	(1.4%)
Florida	**1,519**	**$ 4,056**	**$ 4,193**	**(3.3%)**	**60.8%**	**63.7%**	**(2.9%)**
Atlanta	607	$ 1,503	$ 1,471	2.2%	61.0%	59.0%	2.0%
Charlotte	320	802	745	7.7%	64.6%	63.2%	1.4%
Nashville	288	735	682	7.8%	66.1%	63.6%	2.5%
Raleigh	265	661	646	2.3%	62.4%	63.8%	(1.4%)
Southeast United States	**1,480**	**$ 3,701**	**$ 3,544**	**4.4%**	**63.0%**	**61.5%**	**1.5%**
Las Vegas	320	$ 816	$ 814	0.2%	67.7%	68.7%	(1.0%)
Phoenix	274	720	690	4.3%	66.2%	66.8%	(0.6%)
Denver(2)	228	598	722	(17.2%)	56.3%	67.2%	(10.9%)
Western United States	**822**	**$ 2,134**	**$ 2,226**	**(4.1%)**	**63.6%**	**67.6%**	**(4.0%)**
Total/Weighted average	**7,289**	**$ 16,439**	**$ 16,484**	**(0.3%)**	**57.6%**	**58.9%**	**(1.3%)**

(1) Non-recurring insurance recoveries of $233 were reclassified out of Q1 2019 NOI to conform with the current period presentation.

(2) The change in NOI and NOI margin for Denver is largely attributable to (i) a significant increase in the property tax assessment which management is currently challenging with the tax authority, and (ii) three damaged units that are expected to return to service in Q2 2020.

(3) For Q1 2019, bad debt expense of $243 was reclassified from direct property operating expense to total revenue in line with Tricon's current period presentation. The classification change does not impact NOI but had a positive impact on the NOI margin of 50 basis points on average in Q1 2019 compared to the previous presentation.

4.2 Multi-Family Rental

Market-level details for average monthly rent and physical occupancy for the first quarter of 2020 and applicable comparative periods are shown below.

		Average monthly rent(1)			Occupancy		
Geography	Suites	Q1 2020	Q1 2019(2)	Change (%)	Q1 2020	Q1 2019(2)	Change (%)
Austin	1,454	$ 1,180	$ 1,147	2.9%	95.4%	93.6%	1.8%
Houston	1,098	1,154	1,146	0.7%	94.2%	94.1%	0.1%
Dallas	640	1,149	1,180	(2.6%)	90.8%	85.8%	5.0%
San Antonio	276	1,116	1,108	0.7%	93.4%	94.0%	(0.6%)
Texas	**3,468**	**$ 1,161**	**$ 1,150**	**1.0%**	**94.0%**	**92.4%**	**1.6%**
Orlando	1,215	$ 1,413	$ 1,409	0.3%	94.0%	93.9%	0.1%
Tampa	304	1,331	1,320	0.8%	96.1%	93.6%	2.5%
Florida	**1,519**	**$ 1,396**	**$ 1,391**	**0.4%**	**94.4%**	**93.8%**	**0.6%**
Atlanta	607	$ 1,331	$ 1,353	(1.6%)	94.4%	93.4%	1.0%
Charlotte	320	1,187	1,171	1.4%	95.8%	92.3%	3.5%
Nashville	288	1,206	1,198	0.7%	95.7%	94.1%	1.6%
Raleigh	265	1,191	1,182	0.8%	96.0%	91.7%	4.3%
Southeast United States	**1,480**	**$ 1,250**	**$ 1,253**	**(0.2%)**	**95.2%**	**93.0%**	**2.2%**
Las Vegas	320	$ 1,226	$ 1,174	4.4%	95.2%	94.6%	0.6%
Phoenix	274	1,243	1,183	5.1%	93.9%	94.8%	(0.9%)
Denver	228	1,482	1,421	4.3%	93.5%	93.8%	(0.3%)
Western United States	**822**	**$ 1,302**	**$ 1,246**	**4.5%**	**94.3%**	**94.4%**	**(0.1%)**
Total/Weighted average	**7,289**	**$ 1,244**	**$ 1,232**	**1.0%**	**94.4%**	**93.1%**	**1.3%**

(1) 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. The year-over-year change in average monthly rent does not equal the average quarterly rent growth, which is calculated as the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease.

(2) The Q1 2019 average monthly rent and occupancy figures represent average monthly rent and economic occupancy as reported by the U.S. multi-family rental portfolio under prior ownership.

Rent growth by market for the U.S. multi-family rental portfolio for the first quarter of 2020 is presented below.

	Rent growth(1)		
Geography	Renewal	New move-in	Blended
Austin	4.5%	1.7%	3.3%
Houston	3.1%	(2.9%)	0.9%
Dallas	3.9%	(9.6%)	(5.4%)
San Antonio	2.7%	(8.0%)	(1.4%)
Texas	**3.8%**	**(3.1%)**	**0.7%**
Orlando	2.2%	(1.8%)	–
Tampa	2.5%	0.8%	1.9%
Florida	**2.3%**	**(1.4%)**	**0.4%**
Atlanta	2.1%	(0.6%)	1.0%
Charlotte	3.3%	(0.9%)	1.3%
Nashville	1.6%	0.8%	1.3%
Raleigh	3.5%	2.7%	3.3%
Southeast United States	**2.6%**	**0.1%**	**1.6%**
Las Vegas	5.8%	(0.2%)	3.8%
Phoenix	5.2%	1.6%	3.3%
Denver	2.9%	0.1%	1.8%
Western United States	**4.9%**	**0.6%**	**3.1%**
Total/Weighted average	**3.4%**	**(1.7%)**	**1.1%**

(1) Average rent growth during the quarter 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.

4.2 Multi-Family Rental

Rental properties

The table below presents the change in the fair value of rental properties for the three months ended March 31, 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2020
Cost basis of rental properties, beginning of period	$ 1,344,844
Acquisition of investment properties	–
Disposition of rental properties	–
Recurring capital expenditures	1,073
In-suite value-enhancing capital expenditures	484
Common area value-enhancing capital expenditures	453
Total cost basis of rental properties	**$ 1,346,854**
Cumulative fair value adjustment(1)	–
Fair value of rental properties	**$ 1,346,854**

(1) There were no fair value changes recognized for the portfolio in Q1 2020. The properties were maintained at their December 31, 2019 carrying values adjusted for any capital expenditures.

During the quarter, in-suite value-enhancing capital expenditures of $0.5 million were incurred predominantly for flooring and kitchen upgrades as well as the installation of smart home technology. In addition, $0.5 million was invested to improve common area amenities, including pool, landscaping, model suite upgrades and the addition of package rooms at properties in Austin, as well as pool and model suite upgrades at Tricon's Las Vegas property.

The following table provides details regarding costs to maintain for the three months ended March 31, 2020 and applicable comparative periods. The financial information presented in the two tables below includes prior-year results reported for comparability, although Tricon did not own the portfolio prior to June 11, 2019. Management believes this information is useful in understanding the performance of the acquired portfolio.

(in thousands of U.S. dollars, except cost to maintain per suite and cost to maintain per square foot)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Recurring operating expense					
Repairs and maintenance operating expense	$ 935	$ 976	$ 981	$ 880	$ 834
Turnover operating expense	217	209	263	178	138
Total recurring operating expense	**1,152**	**1,185**	**1,244**	**1,058**	**972**
Recurring capital expenditures					
Repairs and maintenance capital expense	445	745	479	508	287
Turnover capital expense	628	962	946	758	771
Total recurring capital expenditures	**1,073**	**1,707**	**1,425**	**1,266**	**1,058**
Annualized recurring operating expense per suite	632	650	683	581	533
Annualized recurring capital expense per suite	589	937	782	695	581
Total annualized cost to maintain per suite	**$ 1,221**	**$ 1,587**	**$ 1,465**	**$ 1,276**	**$ 1,114**
Total annualized cost to maintain per square foot	**$ 1.26**	**$ 1.64**	**$ 1.52**	**$ 1.32**	**$ 1.15**

Total cost to maintain was $2.2 million for the three months ended March 31, 2020, an increase of $0.2 million compared to the same period in the prior year. There has not been a significant change in the cost to maintain year-over-year; however, there were minor classification differences between Tricon and the U.S. multi-family rental portfolio under prior ownership.

The following table provides details regarding recurring and non-recurring capital expenditures for the U.S. multi-family rental portfolio.

(in thousands of U.S. dollars)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Recurring capital expenditures(1)	$ 1,073	$ 1,707	$ 1,425	$ 1,266	$ 1,058
In-suite value-enhancing capital expenditures(2)	484	709	585	502	592
Common area value-enhancing capital expenditures(2)	453	870	594	578	679
Total capital expenditures	**$ 2,010**	**$ 3,286**	**$ 2,604**	**$ 2,346**	**$ 2,329**

(1) Recurring capital expenditures represent ongoing costs associated with maintaining and preserving the quality of a property including significant work performed during the turnover of a suite.

(2) Value-enhancing capital expenditures are defined as capital expenditures that go above and beyond maintaining the quality of a property and are incurred for the purpose of increasing expected future returns. These costs for the multi-family portfolio are split between work performed in-suite and that performed on common area spaces and amenities.

Total capital expenditures were $2.0 million for the three months ended March 31, 2020, a decrease of $0.3 million compared to the same period in the prior year attributable to tighter scope management of discretionary value-enhancing capital expenditures.

4.2.2 Canadian multi-family rental – The Selby

As of March 31, 2020, Tricon's Canadian multi-family rental portfolio includes its first operating building, The Selby, located in downtown Toronto. The Selby was substantially completed and approached stabilization during the quarter and was therefore reclassified from the Residential Development segment (Section 4.3) to the Multi-Family Rental segment for internal and external reporting purposes.

Operating results

The Selby continued to achieve strong leasing velocity with leased occupancy of 87.6% as at March 31, 2020. Leased occupancy is a KPI as The Selby is at the tail end of its lease-up phase (refer to Section 7.1). Rents remain strong relative to Toronto's East Bloor-Village submarket, averaging C$3.82 per square foot (per month) on a gross basis for in-place leases at period-end.

Highlights for the quarter include a 62.4% NOI margin and blended rent growth of 2.4%, including 4.2% on new leases. Management expects an NOI margin of approximately 70% once the property stabilizes (see "Non-IFRS measures and forward-looking statements" on page 1). Annualized turnover for the period was 10.4% reflecting the building's recent lease-up and effective management of lease expirations. Physical property tours for leasing prospects have been halted due to COVID-19; Tricon continues to market the property for leasing online and is offering virtual property tours to prospects, which include videos of suite layouts, amenities, and building events and programming.

The tables in this section provide a summary of certain operating metrics for the Canadian multi-family rental portfolio that management uses to evaluate the performance of this business segment over time and relative to industry peers. Many of the metrics referenced in these tables are KPI measures that are defined in Section 7.1 and are key drivers of revenue and ultimately NOI (KPI measure; refer to Section 7.1).

All dollar amounts in this subsection 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.

	Q1 2020
Number of suites	500
Physical occupancy	85.8%
Leased occupancy	87.6%
Annualized turnover rate	10.4%
Average monthly rent(1)	$ 2,666
Average rent per square foot	$ 3.82
Average quarterly rent growth – renewals(2)	2.2%
Average quarterly rent growth – new move-in(2)	4.2%
Average quarterly rent growth – blended(2)	2.4%

(1) 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.

(2) 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.

4.2 Multi-Family Rental

The table below presents a breakdown of Tricon's NOI (KPI measure; refer to Section 7.1) for the Canadian multi-family rental business. Comparative period results are not shown as The Selby was in initial lease-up phase during the first quarter of 2019.

For the three months ended March 31 (in thousands of Canadian dollars, unless otherwise indicated)	2020	% of revenue
Rental revenue	$ 522	
Concessions and abatements	(13)	
Fees and other revenue(1)	34	
Total revenue from rental properties	**$ 543**	**100%**
Property taxes	53	10%
Repairs, maintenance and turnover	22	4%
Property management costs	63	12%
Utilities	32	6%
Property insurance	17	3%
Marketing and leasing	10	2%
Other property operating expense	7	1%
Total direct operating expenses	**204**	
Net operating income (NOI)	**$ 339**	
Net operating income (NOI) margin	**62.4%**	
Net operating income (NOI) in thousands of U.S. dollars(2)	**$ 243**	

(1) Fees and other revenue include commercial rental revenue, ancillary income earned on usage of facilities, parking services and storage usage fees as well as utility recovery from residents.

(2) The weighted average USD/CAD exchange rate used to present the multi-family rental portfolio NOI was 1.3953 for the three months ended March 31, 2020.

During the quarter, revenue generated by The Selby was C$0.5 million, attributable to average monthly rent of C$2,666 per suite and occupancy of 85.8%. NOI for the quarter was C$0.3 million, reflecting an NOI margin of 62.4%.

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, and which Tricon intends to own long-term following completion, and (ii) legacy investments in for-sale housing development projects predominantly in the U.S.

The table below presents the components of Tricon's net assets in residential developments, including Canadian multi-family developments which are classified as either investments or joint operations according to their legal and ownership structure.

As at (in thousands of U.S. dollars)	March 31, 2020	December 31, 2019
Investments in Canadian multi-family developments[1] – See 4.3.1	$ 57,946	$ 75,141
Net investments in Canadian development properties under joint operations[2] – See 4.3.1	20,055	22,021
Investments in for-sale housing – See 4.3.2	171,398	300,653
Net investments in residential developments	**249,399**	**397,815**
Other net assets[3]	10,849	3,471
Net assets attributable to Tricon – see Section 5	**$ 260,248**	**$ 401,286**

(1) Includes Tricon's investment in The Taylor, The Ivy, West Don Lands and 7 Labatt. The comparative balance also includes The Selby.

(2) Refers to Tricon's proportionate share of the net assets of the joint operations, The James (Scrivener Square) and The Shops of Summerhill. As of March 31, 2020, Tricon's proportionate share of net assets of $20,055 includes development properties of $33,030 less debt of $12,730 and other net liabilities of $245.

(3) Other net assets include deferred income tax assets and other working capital items.

During the quarter, Tricon's first Canadian multi-family rental property, The Selby, was reclassified from Residential Development to Multi-Family Rental as it is approaching rental stabilization (see Section 4.2.2).

4.3 Residential Development

4.3.1 Canadian Class A multi-family developments

Tricon is focused on developing, owning and operating the leading portfolio of Class A rental apartments in the Greater Toronto Area. The Company is one of the most active rental developers in downtown Toronto with seven projects totalling 2,795 units (including some condominium units) under construction or in pre-construction as at March 31, 2020, in addition to 500 units at The Selby, which is now essentially stabilized. The Company's portfolio also includes an existing commercial property adjacent to one of its multi-family development properties.

As at March 31, 2020, the carrying value of Tricon's net assets in its Canadian multi-family development portfolio was $78.0 million. The following table shows the net assets by project.

		March 31, 2020				December 31, 2019			
(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 pursuit									
West Don Lands – Block 10(3)	A	$ –	$ –	$ 2,692	$ 2,692	$ –	$ –	$ 1,689	$ 1,689
Subtotal – Projects in pursuit		**$ –**	**$ –**	**$ 2,692**	**$ 2,692**	**$ –**	**$ –**	**$ 1,689**	**$ 1,689**
Projects in pre-construction									
The James (Scrivener Square)	B	$ 23,446	$ (9,868)	$ (227)	$ 13,351	$ 25,170	$ (10,779)	$ 289	$ 14,680
7 Labatt	A	21,851	(7,910)	4	13,945	23,593	(8,640)	66	15,019
West Don Lands – Blocks 3/4/7	A	5,941	(4,706)	331	1,566	6,121	(5,075)	201	1,247
West Don Lands – Block 20	A	3,046	(2,747)	86	385	3,117	(2,963)	129	283
Subtotal – Projects in pre-construction		**$ 54,284**	**$ (25,231)**	**$ 194**	**$ 29,247**	**$ 58,001**	**$ (27,457)**	**$ 685**	**$ 31,229**
Projects under construction									
The Taylor (57 Spadina)	A	$ 26,171	$ (7,555)	$ (480)	$ 18,136	$ 27,088	$ (7,297)	$ 18	$ 19,809
West Don Lands – Block 8(4)	A	19,502	(17,382)	4,611	6,731	13,047	(16,954)	5,784	1,877
The Ivy (8 Gloucester)	A	14,730	–	(239)	14,491	15,046	–	438	15,484
Subtotal – Projects under construction		**$ 60,403**	**$ (24,937)**	**$ 3,892**	**$ 39,358**	**$ 55,181**	**$ (24,251)**	**$ 6,240**	**$ 37,170**
Projects in lease-up									
The Selby (592 Sherbourne)(5)	A	$ –	$ –	$ –	$ –	$ 37,167	$ (17,645)	$ 211	$ 19,733
Subtotal – Projects in lease-up		**$ –**	**$ –**	**$ –**	**$ –**	**$ 37,167**	**$ (17,645)**	**$ 211**	**$ 19,733**
Stabilized projects									
The Shops of Summerhill	B	$ 9,584	$ (2,862)	$ (18)	$ 6,704	$ 10,455	$ (3,149)	$ 35	$ 7,341
Subtotal – Stabilized projects		**$ 9,584**	**$ (2,862)**	**$ (18)**	**$ 6,704**	**$ 10,455**	**$ (3,149)**	**$ 35**	**$ 7,341**
Total		**$ 124,271**	**$ (53,030)**	**$ 6,760**	**$ 78,001**	**$ 160,804**	**$ (72,502)**	**$ 8,860**	**$ 97,162**
Investments in Canadian multi-family developments	A	$ 91,241	$ (40,300)	$ 7,005	$ 57,946	$ 125,179	$ (58,574)	$ 8,536	$ 75,141
Net investments in Canadian development properties under joint operations	B	33,030	(12,730)	(245)	20,055	35,625	(13,928)	324	22,021
Total		**$ 124,271**	**$ (53,030)**	**$ 6,760**	**$ 78,001**	**$ 160,804**	**$ (72,502)**	**$ 8,860**	**$ 97,162**

(1) Tricon's share of debt and lease obligations includes land and construction loans, net of deferred financing fees, 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 net assets in West Don Lands – Block 10 include the purchase price paid to third-party partners for ownership in the partnership and pursuit costs incurred to date.

(4) Tricon's share of net working capital and other items from West Don Lands – Block 8 is primarily comprised of cash on hand.

(5) The Selby was reclassified from property under development to income-producing property during the quarter, and therefore removed from the Residential Development segment disclosure.

4.3 Residential Development

Project details and projections

The tables in this subsection provide a summary of certain details and projections for Canadian Class A multi-family development projects that management uses to evaluate the ongoing performance of these projects over time and relative to industry peers. The Canadian multi-family development segment targets a development yield spread (net operating income/project cost) of approximately 100 bps over the yield available on core assets, and is on track to deliver a 5%+ yield at the stabilization of the portfolio. 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 commercial area (sq. feet)
Projects in pre-construction					
The James (Scrivener Square)	Rosedale	Fee simple interest	50%	129	31,000
7 Labatt	Downtown East – Corktown	Fee simple interest	30%	545	51,000
West Don Lands – Blocks 3/4/7	Downtown East – Distillery District	Ground lease	33%	834	35,000
West Don Lands – Block 20	Downtown East – Distillery District	Ground lease	33%	TBD	TBD
Subtotal – Projects in pre-construction				**1,508**	**117,000**
Projects under construction					
The Taylor (57 Spadina)	Entertainment District	Fee simple interest	30%	286	44,000
West Don Lands – Block 8	Downtown East – Distillery District	Ground lease	33%	770	4,000
The Ivy (8 Gloucester)	Yonge & Bloor	Fee simple interest	47%	231	3,000
Subtotal – Projects under construction				**1,287**	**51,000**
Total				**2,795**	**168,000**

(1) Includes projected rental and 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(2)
Projects in pre-construction					
The James (Scrivener Square)	$ 44,000	$ 163,000	$ 207,000	5%	$ 4,706
7 Labatt	54,000	203,000	257,000	3%	7,967
West Don Lands – Blocks 3/4/7	3,000	357,000	360,000	1%	12,374
West Don Lands – Block 20	1,000	TBD	TBD	TBD	384
Subtotal – Projects in pre-construction	**102,000**	**723,000**	**824,000**		**25,431**
Projects under construction					
The Taylor (57 Spadina)	55,000	60,000	115,000	34%	–
West Don Lands – Block 8	18,000	234,000	252,000	7%	15,599
The Ivy (8 Gloucester)	26,000	70,000	96,000	5%	113
Subtotal – Projects under construction	**99,000**	**364,000**	**463,000**		**15,712**
Total	**$ 201,000**	**$ 1,087,000**	**$ 1,287,000**		**$ 41,143**

(1) Percentage completed is calculated by taking cost to date as a percentage of projected total cost, excluding the cost of land.

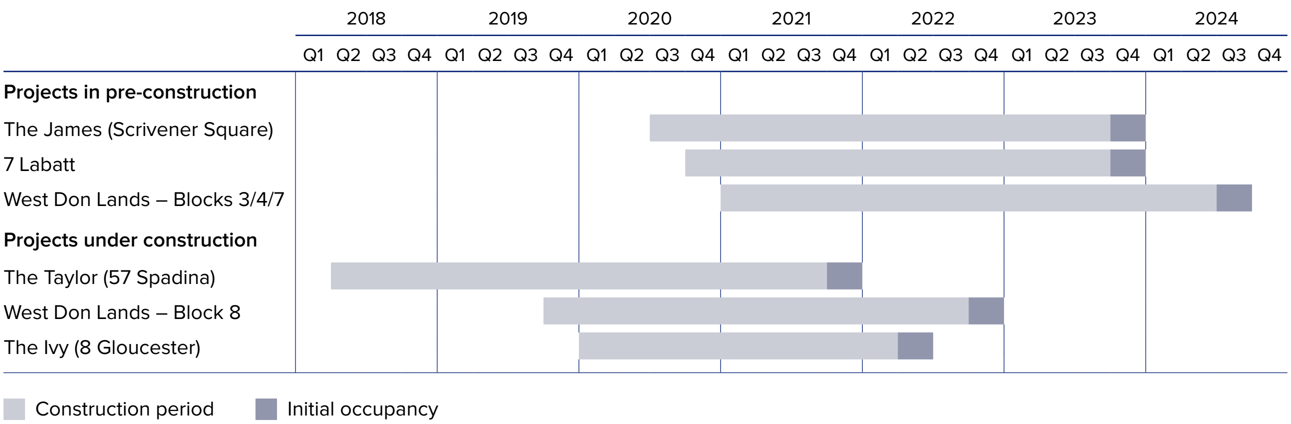
(2) West Don Lands – Block 8 has a construction loan facility of $252,000 and therefore Tricon does not expect to fund its remaining equity commitment.

4.3 Residential Development

As at March 31, 2020, the Canadian multi-family development portfolio consisted of 2,795 projected rental and condominium units. The current status of these units is presented below:

	Projected rental and condominium units	
As at	March 31, 2020	December 31, 2019
Pre-construction	1,508	2,541
Construction	1,287	286
Lease-up	–	500
Total	**2,795**	**3,327**

The projected timelines for construction and lease-up of Tricon's Canadian multi-family development projects are presented below.



Performance overview – projects in pursuit

Tricon and its joint venture partners entered into an agreement to expand their multi-family rental portfolio to include **Block 10** of the West Don Lands. An application for transfer of the ownership for the part lot, which will create the distinct land parcel to be developed into a multi-family rental building, was submitted in February. The application is expected to be approved later this year. Once part lot control is secured, the joint venture partners together will control over eleven acres of prime land representing more than 1,800 rental units at build-out within the West Don Lands.

Performance overview – projects in pre-construction

At **The James**, final form zoning is expected to be received in the second quarter of 2020. Working drawings are underway and Tricon is finalizing an agreement with a construction manager in preparation for demolition during the summer of 2020.

At **7 Labatt**, architectural design and technical review were advanced during the quarter as part of the site plan approval process.

Entitlements continued to advance during the quarter at **Blocks 3/4/7**, the second phase of the West Don Lands project. City of Toronto staff have signalled that they will accept the second rezoning submission, which will be submitted in the second quarter of 2020.

Performance overview – projects under construction

COVID-19 has had varying impacts on Tricon's development projects under construction. Subsequent to quarter-end, the provincial government made two announcements impacting construction of residential projects. On April 4, 2020, construction on projects without an above-grade permit was halted, but was subsequently permitted to resume as of May 4, 2020.

Construction continued during the quarter at **The Taylor**, with forming of the fifth-floor above-grade slab underway. The pace of formwork is expected to accelerate next quarter as the program shifts to the repeatable residential floors. On-site construction hoarding has now been erected and is visible to pedestrians.

At **Block 8** of the West Don Lands, shoring and excavation was 60% complete by the end of the quarter, and construction continued on an interim basis, subject to essential construction regulations.

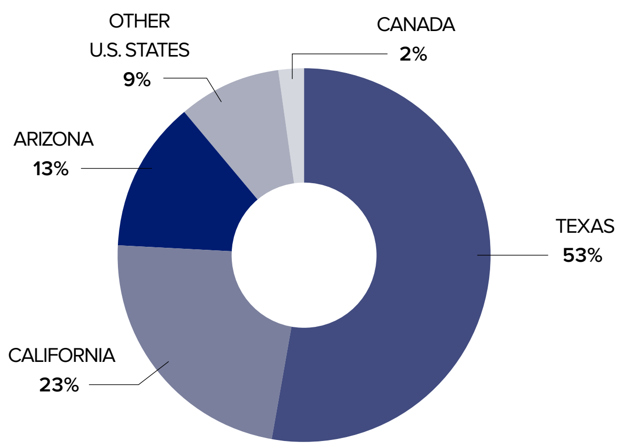
At **The Ivy**, a demolition permit was obtained in February and on-site panelization of the heritage façade has commenced. A shoring permit was submitted during the quarter and is expected to be received in the second quarter of 2020.

4.3 Residential Development

4.3.2 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 builders of for-sale housing, primarily in the U.S. The investments are typically made through Investment Vehicles which hold an interest in for-sale land development, homebuilding and condominium development projects.

INVESTMENTS IN FOR-SALE HOUSING BY LOCATION



Investment performance

As part of its strategic shift towards a rental housing company, Tricon intends to decrease its balance sheet investments in this business over time through natural liquidation, and where possible, the strategic disposition of assets. During the quarter, many of Tricon's balance sheet investments in for-sale housing have been revalued using more conservative assumptions regarding the timing and magnitude of future cash flows, to reflect achievable values in the context of a current market environment negatively impacted by COVID-19. These adjustments resulted in a total fair value loss of $79.6 million in the quarter, representing a 26% reduction in the fair value of Tricon's remaining for-sale housing investments in the period and a 1% reduction in Tricon's total balance sheet assets.

On January 22, 2020, the Company completed the syndication of 50% of one of its balance sheet investments to its joint venture with the Arizona State Retirement System for proceeds of approximately $48 million. As of March 31, 2020, Tricon's investments in for-sale housing are being carried at a fair value of $171.4 million, representing 3% of Tricon's total balance sheet assets, and are projected to generate net cash flows to Tricon of $342.3 million over the next 10 years.

During the first two months of 2020, Tricon's for-sale housing projects performed well, with the number of homes sold by homebuilders to end consumers being above expectations; however, the onset of COVID-19 has significantly decreased traffic and sales across Tricon's for-sale housing projects, which is expected to result in meaningfully deferred land, lot and home sales to third-party buyers. Given the uncertain near-term outlook caused by COVID-19 and the recent global oil disruption, Tricon has implemented rigorous cash management protocols at all for-sale projects to eliminate all non-essential spending and focus efforts on recovering and retaining cash.

4.3 Residential Development

Project details and projections

The table below presents Tricon's share of key financial metrics and projections in its for-sale housing investments.

(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)
For-sale housing investments	$ 517,647	$ 425,192	$ 171,398	$ 342,291

(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".

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). For-sale housing investments now represent 2.7% of total assets but are still expected to generate approximately $342 million of net cash flow to Tricon over the next ten years.

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	$ 17,655	$ 164,004	$ 160,632	$ 342,291

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 segment include providing asset management, property management and development management services. In aggregate, Tricon manages $2.5 billion of third-party capital across its business segments and intends to continue raising and managing third-party capital going forward to generate scale and drive operational synergies, diversify capital raising, 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.

Performance overview

The following table provides details of revenue from private funds and advisory services for the three months ended March 31, 2020 and March 31, 2019, which excludes amounts earned from consolidated entities that are eliminated upon consolidation.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
Asset management fees(1)	$ 2,534	$ 3,048	$ (514)
Performance fees(2)	314	203	111
Development fees(3)	3,922	3,257	665
Property management fees(4)	246	93	153
Revenue from private funds and advisory services	**$ 7,016**	**$ 6,601**	**$ 415**

(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.
(4) Includes property management fees of 4% of rental revenue from Canadian multi-family rental properties and other ancillary fees.

Revenue from private funds and advisory services for the three months ended March 31, 2020 totalled $7.0 million, an increase of $0.4 million from the same period in the prior year. Refer to the variance commentary in Section 3.1 for more details.

Future performance fees

The table below provides a summary of projected performance fees by business that Tricon could earn over time based on current business plans (forward-looking information; see page 1). Projected performance fees are based on Tricon's analysis of projected cash flows over the expected life of existing projects and Investment Vehicles in each business. Projected cash flows are determined based on detailed quarterly and/or annual budgets prepared by management or third-party developers or in certain cases based on third-party appraisals performed in the current quarter.

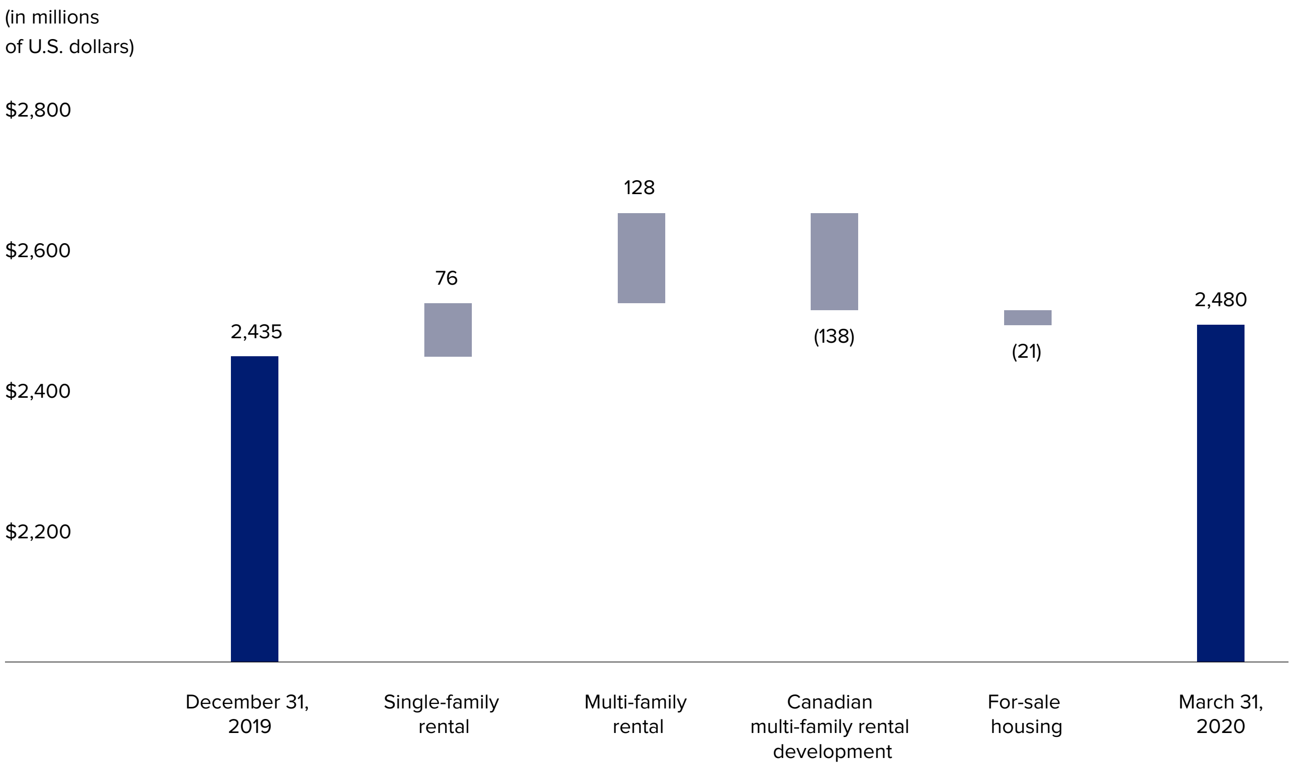
(in thousands of U.S. dollars)	1 to 2 years	3 to 5 years	More than 5 years	Total
Single-family rental	$ –	$ –	$ 38,000	$ 38,000
Canadian multi-family rental developments	–	–	19,054	19,054
For-sale housing	1,265	6,880	9,916	18,061
Estimated future performance fees	**$ 1,265**	**$ 6,880**	**$ 66,970**	**$ 75,115**

4.4 Private Funds and Advisory

Assets under management

Third-party AUM increased by $45.6 million or 2% to $2.5 billion as at March 31, 2020, from $2.4 billion as at December 31, 2019. Refer to Section 7.2 for a detailed description of AUM.

CHANGES IN THIRD-PARTY AUM



The primary changes in third-party AUM since December 31, 2019 were:

- An increase of $127.8 million in multi-family rental AUM, as The Selby approached stabilization and thus was reclassified from the residential development business segment to the multi-family rental business segment. Similarly, Canadian multi-family rental developments AUM declined by $137.6 million, primarily driven by this reclassification and to a lesser extent by the impact of unfavourable changes in foreign currency exchange rates.
- An increase of $76.4 million in single-family rental AUM primarily driven by a growing portfolio of SFR JV-1 single-family rental homes.
- A decrease of $21.1 million in for-sale housing AUM driven by significant distributions to third-party investors.

4.4 Private Funds and Advisory

The following table provides a further breakdown of the components of third-party AUM.

(in thousands of U.S. dollars)	March 31, 2020(1)	December 31, 2019(1)	September 30, 2019(1)	June 30, 2019(1)	March 31, 2019(1)
Single-family rental	**$ 935,134**	**$ 858,723**	**$ 738,717**	**$ 673,754**	**$ 609,957**
Multi-family rental	**127,780**	**–**	**–**	**–**	**–**
Residential development					
Canadian multi-family rental developments	242,244	379,812	369,078	364,062	345,576
For-sale housing	1,175,016	1,196,075	1,224,623	804,686	836,330
Residential development	**1,417,260**	**1,575,887**	**1,593,701**	**1,168,748**	**1,181,906**
Third-party AUM	**$ 2,480,174**	**$ 2,434,610**	**$ 2,332,418**	**$ 1,842,502**	**$ 1,791,863**

(1) USD/CAD exchange rates used at each balance sheet date are: at March 31, 2020: 1.4187; December 31, 2019: 1.2988; September 30, 2019: 1.3243; June 30, 2019: 1.3087; March 31, 2019: 1.3363

The table below provides a reconciliation, by business, of the outstanding third-party capital investment balances to AUM (KPI measure; refer to Section 7.2).

(in thousands of U.S. dollars)	Outstanding invested capital (at cost)	Share of outstanding debt	Unfunded equity commitment(1)	Third-party AUM as at March 31, 2020
Single-family rental(2)	$ 303,988	$ 564,994	$ 66,152	$ 935,134
Multi-family rental(3)	36,229	90,949	602	127,780
Canadian multi-family rental developments(4)	86,958	75,381	79,905	242,244
For-sale housing(5)	687,714	–	487,302	1,175,016
Total	**$ 1,114,889**	**$ 731,324**	**$ 633,961**	**$ 2,480,174**

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

(2) Single-family rental includes SFR JV-1. Limited partners' share of the outstanding debt includes their share of the JV-1 warehouse credit facility, JV-1 securitization debt 2019-1 and the JV-1 subscription facility, the latter of which is a substitute for invested capital and can be replaced by equity funding at management's discretion.

(3) Multi-family rental includes The Selby commencing in Q1 2020.

(4) Canadian multi-family rental developments include The Taylor, The James (Scrivener Square), The Shops of Summerhill, West Don Lands, The Ivy and 7 Labatt. Comparative periods also includes The Selby, which was reclassified to income-producing multi-family rental properties in Q1 2020. Other than in respect of The Selby, The Taylor and 7 Labatt, Tricon has partnered with strategic partners that do not pay fees to the Company for any management of their invested capital. Refer to the AIF for a description of these Investment Vehicles.

(5) For-sale housing includes THP1 US, THP2 US, THP1 Canada, THP2 Canada, THP3 Canada, Heritage Valley, 5 St. Joseph, Mahogany, Cross Creek Ranch, Grand Central Park, Fulshear Farms, Trilogy at Verde River, Viridian, THP US SP1, THP US SP2, Trilogy at Vistancia West, Trilogy Lake Norman, Arantine Hills and THPAS JV-1. Refer to the AIF for a description of these Investment Vehicles.

SUMMARY OF NON-IFRS SEGMENT INFORMATION

5

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). 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. Refer to the discussion on non-IFRS measures on page 1.

The discussion and presentation of non-IFRS measures throughout this section reflect Tricon’s proportionate share of the business, unless otherwise stated.

The following table reconciles FFO, Core FFO and AFFO to the net (loss) income reflected in the Company’s income statement for the three months ended March 31, 2020.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019	Variance
Net (loss) income attributable to Tricon’s shareholders	**$ (41,012)**	**$ 22,519**	**$ (63,531)**
Fair value gain on rental properties	(16,460)	(29,712)	13,252
Loss from investments in for-sale housing	79,579	–	79,579
Net change in fair value of derivative financial instruments	2,144	7,223	(5,079)
Adjustments related to equity-accounted investments	2	–	2
Amortization of intangibles arising from business combinations	409	418	(9)
FFO attributable to Tricon’s shareholders	**$ 24,662**	**$ 448**	**$ 24,214**
Deferred and non-recurring tax expense	(10,468)	3,618	(14,086)
Unrealized foreign exchange loss	2,937	180	2,757
Debentures interest and discount amortization	3,595	3,493	102
Amortization expense and other non-cash adjustments	1,783	1,627	156
Transaction costs and non-recurring items	1,792	2,590	(798)
Non-recurring and non-cash compensation	2,650	1,155	1,495
Adjustments from equity-accounted investments	83	711	(628)
Adjustments from investments held at FVTPL	–	(281)	281
Gain on sale of U.S. multi-family developments	–	(4,841)	4,841
Core FFO attributable to Tricon’s shareholders	**$ 27,034**	**$ 8,700**	**$ 18,334**
Recurring capital expenditures	(6,635)	(5,530)	(1,105)
Recurring capital expenditures related to equity-accounted investments	(8)	–	(8)
AFFO attributable to Tricon’s shareholders	**$ 20,391**	**$ 3,170**	**$ 17,221**

The following table provides a breakdown of Core FFO, AFFO, Core FFO per share and AFFO per share.

For the three months ended March 31 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)		2020	2019	Variance
Single-family rental Core FFO		$ 28,140	$ 22,069	$ 6,071
Multi-family rental Core FFO		7,245	–	7,245
Residential development Core FFO		5,117	1,972	3,145
Private funds and advisory Core FFO		3,394	3,455	(61)
		43,896	**27,496**	**16,400**
Corporate overhead	A	(12,127)	(13,400)	1,273
Corporate interest expense	B	(4,735)	(3,883)	(852)
Current income tax expense		–	(1,513)	1,513
Core funds from operations (Core FFO)		**$ 27,034**	**$ 8,700**	**$ 18,334**
Recurring capital expenditures	C	(6,643)	(5,530)	(1,113)
Adjusted funds from operations (AFFO)		**$ 20,391**	**$ 3,170**	**$ 17,221**
Core FFO per share		**$ 0.13**	**$ 0.05**	**$ 0.08**
Core FFO per share (CAD)(1)		**$ 0.18**	**$ 0.07**	**$ 0.11**
AFFO per share		**$ 0.10**	**$ 0.02**	**$ 0.08**
AFFO per share (CAD)(1)		**$ 0.14**	**$ 0.03**	**$ 0.11**
Core FFO payout ratio(2)		**35%**	**86%**	**(51%)**
AFFO payout ratio(2)		**47%**	**237%**	**(190%)**
Weighted average shares outstanding – diluted		**212,934,511**	**162,653,502**	**50,281,009**

(1) USD/CAD exchange rates used are 1.4187 at March 31, 2020 and 1.3363 at March 31, 2019.

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

For the three months ended March 31, 2020, Core FFO increased by $18.3 million to $27.0 million compared to $8.7 million in the same period of the prior year. The favourable variance is primarily attributable to:

- An increase in single-family rental Core FFO of $6.1 million resulting from a larger leased portfolio, strong rent growth and higher occupancy which contributed to an increase in NOI, partially offset by smaller increases in interest expense and general and administrative expense needed to support the growing portfolio size.
- An increase in multi-family rental Core FFO of $7.2 million, as the U.S. multi-family rental portfolio was acquired in the second quarter of 2019. The Core FFO was primarily driven by strong leasing activity across the U.S. portfolio of 23 properties.
- An increase in residential development Core FFO of $3.1 million, driven by fair value gains on Canadian multi-family rental developments as significant development milestones were met.
- A decrease in corporate overhead of $1.3 million resulting from lower accrued AIP and LTIP expense partially offset by increases in staffing, property management overhead and general and administration expense needed to accommodate the Company's ongoing growth and normal course salary adjustments.
- An increase in interest expense from corporate borrowings of $0.8 million driven by a higher outstanding credit facility balance.
- A decrease in current income taxes of $1.5 million for the three months ended March 31, 2020 compared to the same period in the prior year.

AFFO increased by $17.2 million in line with the increase in Core FFO, partially offset by a $1.1 million increase in recurring capital expenditures mainly driven by the multi-family rental business.

Core FFO per share and AFFO per share increased by $0.08 to $0.13 and $0.10, respectively, for the three months ended March 31, 2020 compared to the same period in the prior year for the reasons discussed above, partially offset by a higher weighted average share count driven by the common shares issued to acquire the U.S. multi-family rental portfolio in the second quarter of 2019.

The following table provides reconciliations of the items marked "A" to "C" above, from the expenses incurred in the *Corporate* segment.

For the three months ended March 31 (in thousands of U.S. dollars)		2020	2019	Variance
Property management overhead		$ 6,466	$ 5,129	$ (1,337)
Compensation expense(1)		4,463	6,386	1,923
Non-recurring and non-cash compensation expense(1)		(2,493)	(1,117)	1,376
General and administration expense(2)		3,691	3,002	(689)
Corporate overhead	A	**$ 12,127**	**$ 13,400**	**$ 1,273**
Interest expense		$ 8,330	$ 7,376	$ (954)
Convertible debentures		(3,595)	(3,493)	102
Corporate interest expense	B	**$ 4,735**	**$ 3,883**	**$ (852)**
Single-family rental		$ 5,562	$ 5,530	$ (32)
U.S. multi-family rental		1,073	–	(1,073)
Canadian multi-family rental		8	–	(8)
Recurring capital expenditures	C	**$ 6,643**	**$ 5,530**	**$ (1,113)**

(1) For the three months ended March 31, 2020, compensation expense for the purpose of FFO was $1,970 (2019 – $5,269), which excludes non-recurring and non-cash compensation expense of $2,493 (2019 – $1,117). This amount is comprised of salaries and benefits of $2,542 (2019 – $2,059), cash-settled AIP accrual of $2,083 (2019 – $3,267) and future cash-settled LTIP reversal of $2,655 (2019 – $57).

(2) Includes $556 (2019 – $379) related to the principal portion of lease payments on right-of-use assets.

Proportionate income statement by business segment

The table below presents Tricon's proportionate share of the consolidated financial results by deducting third-party interests' share of each income statement line item in the single-family rental business segment. Third-party interests and inter-segment eliminations are adjusted for in the *IFRS reconciliation* column to arrive at the consolidated results under IFRS. Net income attributable to non-controlling interests is deducted in the Private Funds and Advisory segment to arrive at net income attributable to Tricon's shareholders.

	Tricon's proportionate share of results by business segment						
(in thousands of U.S. dollars)	Single-Family Rental	Multi-Family Rental	Residential Development	Private Funds and Advisory	Corporate	IFRS reconciliation	Tricon results as reported
	Section 4.1	Section 4.2	Section 4.3	Section 4.4			Section 3.1
Revenue from rental properties	**$ 72,379**	**$ 28,563**	**$ –**	**$ –**	**$ –**	**$ 15,292**	**$ 116,234**
Direct operating expenses	(24,711)	(12,124)	–	–	–	(4,940)	(41,775)
Net operating income from rental properties	47,668	16,439	–	–	–	10,352	74,459
Revenue from private funds and advisory services	**–**	**–**	**–**	**7,016**	**–**	**–**	**7,016**
Income from investments in Canadian multi-family developments	–	55	5,097	–	–	–	5,152
Loss from investments in for-sale housing	–	–	(79,579)	–	–	–	(79,579)
Property management overhead	–	–	–	–	(6,466)	–	(6,466)
Compensation expense	–	–	–	(2,635)	(4,463)	–	(7,098)
General and administration expense	642	(413)	–	(225)	(3,135)	(3,038)	(6,169)
Interest expense	(21,427)	(9,054)	(29)	–	(8,330)	(5,103)	(43,943)
Fair value gain on rental properties	16,460	–	–	–	–	4,177	20,637
Other income (expenses)	974	(445)	48	(825)	(8,284)	(6,388)	(14,920)
Income tax (expense) recovery[1]	(62)	–	8,429	–	2,039	–	10,406
Non-controlling interest	–	–	–	(507)	–	–	(507)
Net income (loss) attributable to Tricon's shareholders	**$ 44,255**	**$ 6,582**	**$ (66,034)**	**$ 2,824**	**$ (28,639)**	**$ –**	**$ (41,012)**
Fair value gain on rental properties	(16,460)	–	–	–	–	–	(16,460)
Loss from investments in for-sale housing	–	–	79,579	–	–	–	79,579
Net change in fair value of derivative financial instruments	(37)	–	–	–	2,181	–	2,144
Adjustments related to equity-accounted investments[2]	–	2	–	–	–	–	2
Amortization of intangibles arising from business combinations	–	–	–	409	–	–	409
FFO attributable to Tricon's shareholders	**$ 27,758**	**$ 6,584**	**$ 13,545**	**$ 3,233**	**$ (26,458)**	**$ –**	**$ 24,662**
Deferred and non-recurring tax expense	–	–	(8,429)	–	(2,039)	–	(10,468)
Unrealized foreign exchange loss	–	13	–	–	2,924	–	2,937
Debentures interest and discount amortization	–	–	–	–	3,595	–	3,595
Amortization expense and other non-cash adjustments[3]	382	4	1	4	1,392	–	1,783
Transaction costs and non-recurring items	–	561	–	–	1,231	–	1,792
Non-recurring and non-cash compensation[4]	–	–	–	157	2,493	–	2,650
Adjustments from equity-accounted investments[2]	–	83	–	–	–	–	83
Core FFO attributable to Tricon's shareholders	**$ 28,140**	**$ 7,245**	**$ 5,117**	**$ 3,394**	**$ (16,862)**	**$ –**	**$ 27,034**
Recurring capital expenditures	(5,562)	(1,073)	–	–	–	–	(6,635)
Recurring capital expenditures related to equity-accounted investments[2]	–	(8)	–	–	–	–	(8)
AFFO attributable to Tricon's shareholders	**$ 22,578**	**$ 6,164**	**$ 5,117**	**$ 3,394**	**$ (16,862)**	**$ –**	**$ 20,391**

(1) Includes both current and deferred income tax (expense) recovery. Only deferred and non-recurring taxes are added back to arrive at Core FFO.

(2) Comprised of amortization, unrealized foreign exchange and deferred taxes within income from equity-accounted investments and investments held at FVTPL.

(3) Other non-cash adjustments include the principal portion of lease payments related to the Company's right-of-use assets.

(4) Includes $2,572 of equity-settled AIP and LTIP expense and non-recurring compensation of $78.

Proportionate balance sheet by business segment

The table below presents Tricon's proportionate share of net assets as at March 31, 2020 by deducting third-party interests' share of each balance sheet line item in the single-family rental business segment. Third-party interests and inter-segment eliminations are adjusted for in the *IFRS reconciliation* column to arrive at the consolidated net assets under IFRS. Net assets attributable to non-controlling interests are deducted in the Private Funds and Advisory segment to arrive at net assets attributable to Tricon's shareholders.

	Tricon's proportionate share of balance sheet by business segment						
(in thousands of U.S. dollars)	Single-Family Rental	Multi-Family Rental	Residential Development	Private Funds and Advisory	Corporate	IFRS reconciliation	Tricon results as reported
	Section 4.1	Section 4.2	Section 4.3	Section 4.4			Section 3.2
Assets							
Rental properties	$ 3,644,923	$ 1,346,854	$ –	$ –	$ –	$ 828,617	$ 5,820,394
Investments in Canadian multi-family developments	–	18,120	57,946	–	–	–	76,066
Canadian development properties under joint operations	–	–	33,030	–	–	–	33,030
Investments in for-sale housing	–	–	171,398	–	–	–	171,398
Deferred income tax assets	–	–	10,869	1,052	89,565	–	101,486
Restricted cash	57,903	10,431	–	–	–	15,659	83,993
Intangible and other assets	504	110	–	11,177	156,391	–	168,182
Cash	18,315	6,189	96	2,502	5,997	20,049	53,148
Other working capital items[1]	14,526	5,653	761	1,274	13,560	(2,629)	33,145
Total assets	**$ 3,736,171**	**$ 1,387,357**	**$ 274,100**	**$ 16,005**	**$ 265,513**	**$ 861,696**	**$ 6,540,842**
Liabilities							
Debt	2,269,105	914,840	12,730	–	335,648	541,454	4,073,777
Deferred income tax liabilities	–	–	–	–	247,982	–	247,982
Convertible debentures	–	–	–	–	162,441	–	162,441
Long-term incentive plan	–	–	–	–	16,865	–	16,865
Other liabilities[2]	68,711	16,209	1,122	466	31,433	320,242	438,183
Total liabilities	**2,337,816**	**931,049**	**13,852**	**466**	**794,369**	**861,696**	**4,939,248**
Non-controlling interest	–	–	–	(7,554)	–	–	(7,554)
Net assets attributable to Tricon's shareholders	**$ 1,398,355**	**$ 456,308**	**$ 260,248**	**$ 7,985**	**$ (528,856)**	**$ –**	**$ 1,594,040**

(1) Other working capital items include amounts receivable and prepaid expenses and deposits.

(2) Other liabilities include derivative financial instruments, other liability, limited partners' interests, dividends payable, resident security deposits and amounts payable and accrued liabilities.

Summary of selected annualized income statement and balance sheet items

The following table presents select information from Tricon's proportionate balance sheet as at March 31, 2020 and income statement for the three months ended March 31, 2020, before eliminations for inter-segment transactions.

(in thousands of U.S. dollars, except per share amounts which are in U.S. dollars, unless otherwise indicated)	Single-Family Rental	Multi-Family Rental	Residential Development	Private Funds and Advisory	Corporate	Total
Tricon's proportionate share of selected income statement items						
Annualized NOI[1]	$ 190,672	$ 65,756	$ –	$ –	$ –	$ 256,428
Annualized revenue from private funds and advisory services[1],[2]	–	–	–	28,064	–	28,064
Tricon's proportionate share of selected balance sheet items						
Rental properties	$ 3,644,923	$ 1,346,854	$ –	$ –	$ –	$ 4,991,777
Investments in Canadian multi-family developments	–	18,120	57,946	–	–	76,066
Canadian development properties under joint operations	–	–	33,030	–	–	33,030
Investments in for-sale housing	–	–	171,398	–	–	171,398
Total assets	**3,736,171**	**1,387,357**	**274,100**	**16,005**	**265,513**	**5,679,146**
Debt[3]	2,269,105	914,840	12,730	–	335,648	3,532,323
Cash and restricted cash	76,218	16,620	96	2,502	5,997	101,433
Net debt	**$ 2,192,887**	**$ 898,220**	**$ 12,634**	**$ (2,502)**	**$ 329,651**	**$ 3,430,890**
Net debt/assets						**61.5%**
Weighted average interest rate						3.82%
Net assets attributable to Tricon's shareholders						$ 1,594,040
Common shares outstanding[4]						192,462,431
Net assets (book value) per share						$ 8.28
Net assets (book value) per share (CAD)[5]						C$ 11.75

(1) Annualized based on results for the three months ended March 31, 2020. Actual results for the year may differ.

(2) Inter-segment fees are excluded from the private funds and advisory segment.

(3) Includes corporate borrowings and property-specific borrowings; excludes the 2022 convertible debentures.

(4) As of March 31, 2020, there were 192,772,071 common shares issued by the Company, of which 192,462,431 were outstanding and 309,640 shares were reserved to settle restricted share awards in accordance with the Company's Restricted Share Plan.

(5) As at March 31, 2020, the USD/CAD exchange rate was 1.4187.

Overhead efficiency

The cost of the Company's integrated, technology-enabled operating platform and other overhead costs are presented below (based on consolidated results under IFRS). While Tricon is intent on reducing its overhead efficiency over time by growing its rental business and managing more third-party capital, it should be noted that the Company employs talented and relatively well-paid investment, development and computer engineering professionals that add to its cost structure but which position Tricon for future growth and longer-term operating efficiencies.

For the three months ended March 31 (in thousands of U.S. dollars)	2020	2019[1]
Property management overhead	$ 6,466	$ 6,960
Compensation expense	7,098	8,699
General and administration expense	6,169	4,634
Total overhead costs	**19,733**	**20,293**
Net of revenue from private funds and advisory services	(7,016)	(6,601)
Net overhead costs	**$ 12,717**	**$ 13,692**
As a % of revenue from rental properties	**10.9%**	**20.3%**
As a % of total assets (annualized)	**0.8%**	**1.1%**

(1) The comparative period results have been recast to present the consolidated results in conformity with the current period presentation.

LIQUIDITY AND
CAPITAL RESOURCES

OPERATIONAL KEY
PERFORMANCE INDICATORS

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

HISTORICAL FINANCIAL
INFORMATION

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE

6
7
8
9
10

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 debentures where the principal can be redeemed by the issuance of common shares at the Company's option.
- Where appropriate, raising equity through the public 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 and 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, 2020, Tricon had a net working capital deficit of $176.5 million, reflecting current assets of $86.3 million, offset by current liabilities of $262.8 million. The working capital deficit is driven primarily by the credit facility on the U.S. multi-family rental portfolio that matures in December 2020, for which the Company is currently negotiating an extension. The Company has determined that its current financial obligations and working capital deficit are adequately funded from the available borrowing capacity and from operating cash flows.

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 condensed interim 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 limited financial guarantees for land loans and construction loans in its Canadian multi-family developments.

As at March 31, 2020, 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, 2020, there were 192,772,071 common shares issued by the Company, of which 192,462,431 were outstanding and 309,640 were reserved to settle restricted share awards in accordance with the Company's Restricted Share Plan.

On October 2, 2019, the Company announced that its Board of Directors had approved the early removal of the transfer restrictions, or "lock-up", previously in place on the Company's common shares issued to "non-insiders" of the Starlight U.S. Multi-Family (No. 5) Core Fund U.S. multi-family rental portfolio as part of Tricon's acquisition of the portfolio on June 11, 2019 (the "Acquisition"). The contractual lock-up in respect of the Tricon common shares issued to Starlight Group Property Holdings Inc. ("Starlight Group") and members of its management was removed on January 31, 2020 in exchange for an early termination right in respect of the Transitional Services Agreement entered into in connection with the Acquisition. The Transitional Services Agreement was terminated effective January 13, 2020. On March 4, 2020, the Company repurchased 1,867,675 common shares as a result of Starlight Group and its management exercising their put rights applicable to certain of the common shares issued in connection with the Acquisition. The fair value of the Company's common shares was $7.99 (C$10.60) per share on the Acquisition date and $8.70 (C$11.65) per share on the exercise date.

As of March 31, 2020, there was $172.4 million in outstanding aggregate principal amount of 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.

7. OPERATIONAL KEY PERFORMANCE INDICATORS

7.1 Key performance indicators

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 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 fees. 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.
- Leased occupancy rate represents the number of units that are leased at period-end, including those pending move-in with signed lease agreements and excluding pending move-outs, as a percentage of total rental units. Leased occupancy is a KPI for multi-family rental buildings in the lease-up phase.
- 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 monthly rent per square foot is calculated as the gross monthly rent for units that are leased at period-end divided by the average size of the units. Management believes average monthly rent per square foot is a KPI for rental properties in Canada.
- 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.

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 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 intercompany 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.
- Core FFO presents FFO as a normalized figure, adjusting for transaction costs, convertible debentures interest, 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).

Overhead efficiency ratio represents the Company's overhead costs as a percentage of total revenue from rental properties. Tricon believes calculating its overhead efficiency ratio helps it evaluate its costs of doing business compared to the income it generates as well as assess its performance against industry peers.

7.2 Third-party assets under management

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

For reporting purposes, third-party AUM includes capital managed on behalf of third-party investors in the Private Funds and Advisory business, and is calculated as follows:

THIRD-PARTY ASSETS UNDER MANAGEMENT	
Single-family rental, multi-family rental and multi-family developments	
Outstanding invested capital and project-level funded debt plus unfunded commitment less return of capital	
For-sale housing	
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

8.1 Revenue and income recognition

The following table summarizes the revenue earned from the Company's business segments.

TOTAL REVENUE	
	Revenue
Revenue from rental properties	• Lease revenue is primary rental revenue from a lease contract, earned directly from leasing the homes within the single-family rental business and the apartment suites within the multi-family rental business. • Ancillary revenue is income earned from residents that is not primary rental revenue from a lease contract. Ancillary revenue includes pet fees, early termination fees and other service fees. • Non-lease revenue includes property management services, such as repairs and maintenance performed on the properties.
Revenue from private funds and advisory services	• Asset management fees from managing third-party capital invested through Investment Vehicles within the single-family rental, multi-family rental and residential development businesses. • Performance fees from Investment Vehicles. • Development management and advisory fees generated from residential development projects. • Property management fees from managing single-family rental homes and multi-family rental properties.

Revenue from rental properties

Revenue recognition under a lease commences when a resident has a right to use the leased asset, which is typically when the resident takes possession of, or controls the physical use of, the leased property. Generally, this occurs on the lease commencement date.

Lease contracts with residents normally include lease and non-lease components, which may be bundled into one fixed gross lease payment. Lease revenue earned directly from leasing the homes and apartment suites is recognized and measured on a straight-line basis over the lease term in accordance with IFRS 16, *Leases* ("IFRS 16"). Leases for single-family rental homes and multi-family rental properties are generally for a term of one to two years.

Ancillary revenue is income the Company generates from providing services that is not primary rental revenue from a lease contract. Ancillary revenue includes pet fees, early termination fees and other service fees. Ancillary revenue is measured at the amount of consideration which the Company expects to receive in exchange for providing services to a resident. Ancillary revenue is included in revenue from rental properties in the consolidated statements of comprehensive income.

Revenue from private funds and advisory services

The Company's vertically integrated management platform provides asset management, property management, and development management services.

The Company provides asset management services to joint venture partners and third-party investors for which it earns market-based fees in connection with its portfolio of properties and equity investments in the U.S. and Canada. These contractual fees are typically 1–2% of committed or invested capital throughout the lives of the Investment Vehicles managed. Contractual fees earned in exchange for providing asset management services are billed on a quarterly basis, provided that the Company's services are rendered as per the contract over the project-period.

The Company also earns performance fees and they are earned once targeted returns are achieved. The Company recognizes performance fee revenue only to the extent that it is highly probable that a significant amount of the cumulative revenue recognized will not reverse. Consideration for these services is variable as it is dependent upon the occurrence of a future event that is the repayment of investor capital and a predetermined rate of return. Revenue from performance fees is typically earned and recognized towards the end of the life of an Investment Vehicle.

The Company also earns fees for development management and advisory services provided to third parties and/or related parties. Development management and advisory services are satisfied over time. Revenues are recognized based on the best estimate of the amounts earned for those services, which typically reflects contractual fees of 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. The Company includes variable consideration in revenue only to the extent that it is highly probable that a significant amount of the cumulative revenue recognized will not reverse. Specifically for Johnson, consideration for these services is variable as it is dependent upon the occurrence of a future event that is the sale of the developed property. Revenue is typically recognized as the development of the property is completed, and control has been transferred to the respective buyer. Contractual fees earned in exchange for providing development management and advisory services are billed upon the sale of the property.

The Company earns property management fees, leasing fees, acquisition and disposition fees, and construction management fees from the rental portfolio through its technology-enabled rental platform. These management services are satisfied over time and revenues for such services are recognized as services are provided in accordance with IFRS 15, *Revenue from Contracts with Customers*.

Income from investments in for-sale housing
The Company also earns income from investments in for-sale housing, which is calculated based on its share of the changes in the fair value of the net assets of each of the Investment Vehicles in which it invests. The fair value of each Investment Vehicle's net assets is determined by the waterfall distribution calculations specified in the relevant governing agreements. The inputs into the waterfall distribution calculations include the fair values of the land development and homebuilding projects and working capital held by the Investment Vehicles. The fair values of the land development and homebuilding projects are based on appraisals prepared by external third-party valuators or on internal valuations using comparable methodologies and assumptions.

Income from investments in Canadian multi-family developments
The Company recognizes income from investments in Canadian multi-family developments under the equity method. The Company's investments in Canadian multi-family developments are initially recognized at cost, and adjusted thereafter to recognize the Company's share of profit or loss of the investee in accordance with Tricon's accounting policies, which are discussed in Note 3 to the condensed interim consolidated financial statements.

8.2 Accounting estimates and policies
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Refer to the notes to the condensed interim consolidated financial statements for details on critical accounting estimates.

Transition to a rental housing company
In January 2020, the Company completed its previously announced transition to an owner and operator of diversified rental housing, resulting in the Company determining that it no longer meets the criteria for being an investment entity ("Investment Entity Accounting") under IFRS 10, *Consolidated Financial Statements* ("IFRS 10"). As a result, effective January 1, 2020 (the "Transition Date"), the Company was required to apply the acquisition method of accounting as per IFRS 3, *Business Combinations* ("IFRS 3"), to all subsidiaries that were previously measured at fair value through profit or loss ("FVTPL").

Consequently, the Company began consolidating the financial results of controlled subsidiaries including those holding its investments in single-family rental homes and U.S. multi-family rental properties, resulting in the inclusion of these subsidiaries' assets, liabilities and non-controlling interests on the balance sheet of the Company. Similarly, these subsidiaries' income and expenses have been reported on the Company's consolidated statement of comprehensive income together with the non-controlling interests' share of income.

Concurrently, the Company's investments in Canadian multi-family developments are accounted for in one of two ways: (i) proportionate consolidation for joint operations; and (ii) equity accounting for associates and joint ventures, in accordance with IFRS 11, *Joint Arrangements* and IAS 28, *Investments in Associates and Joint Ventures*. The remaining investments in for-sale housing in the U.S. will continue to be accounted for as portfolio investments (financial assets) measured at FVTPL in accordance with IFRS 9, *Financial Instruments*.

The accounting impact of the Company's businesses and their presentation in the Company's consolidated financial statements on the Transition Date are summarized in the table below.

	ACCOUNTING		PRESENTATION		
Business segment	Accounting assessment	Accounting methodology	Presentation in Balance sheet	Presentation in Statement of income	Presentation of Non-controlling interest
Single-family rental					
Tricon wholly-owned	Controlled subsidiary	Consolidation	Rental properties	Revenue from rental properties	N/A
SFR JV-1	Controlled subsidiary	Consolidation			Limited partners' interests (Component of liabilities)
Multi-family rental					
U.S. multi-family	Controlled subsidiary	Consolidation	Rental properties	Revenue from rental properties	N/A
Canadian multi-family: 592 Sherbourne (The Selby)	Investments in associate	Equity method	Investments in Canadian multi-family developments	Income from investments in Canadian multi-family developments	N/A
Canadian multi-family development					
The Shops of Summerhill	Joint operation	Proportionate consolidation	Canadian development properties under joint operations	Income from joint operations	N/A
The James (Scrivener Square)	Joint operation	Proportionate consolidation			N/A
57 Spadina (The Taylor)	Investments in associate	Equity method	Investments in Canadian multi-family developments	Income from investments in Canadian multi-family developments	N/A
WDL – Block 8	Joint venture	Equity method			N/A
WDL – Block 20	Joint venture	Equity method			N/A
WDL – Blocks 3/4/7	Joint venture	Equity method			N/A
WDL – Block 10	Joint venture	Equity method			N/A
6–8 Gloucester (The Ivy)	Joint venture	Equity method			N/A
7 Labatt	Joint venture	Equity method			N/A
Private funds and advisory					
Private funds GP entities	Controlled subsidiary	Consolidation	Consolidated	Revenue from private funds and advisory	N/A
Johnson development management	Controlled subsidiary	Consolidation	Consolidated		Component of equity
For-sale housing					
Commingled funds	Portfolio investments	FVTPL	Investments in for-sale housing	Income from investments in for-sale housing	N/A
Separate accounts, side-cars and joint ventures	Portfolio investments	FVTPL			N/A

These financial reporting changes are material to the Company and have been applied on a prospective basis in accordance with the relevant guidance of IFRS 10 and, as such, the comparative period presentation reflects Investment Entity Accounting as previously reported.

Significant estimates

Income taxes

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

Valuation of rental properties

Fair value is determined using independent external valuations prepared by management's specialists or detailed internal valuations prepared by management using market-based assumptions, each in accordance with recognized valuation techniques as set out in the condensed interim consolidated financial statements. Significant estimates used in determining the fair value of the Company's rental properties include estimating, among other things, future stabilized net operating income, capitalization rates, discount rates, and other future cash flows applicable to rental properties (all considered Level 3 inputs), as well as market comparables based on recent transaction prices. A change to any one of these inputs could significantly alter the fair value of a rental property. In addition, the COVID-19 pandemic and related market and economic uncertainty that occurred during the quarter have impacted the significant estimates used in the valuation of the rental properties in the first quarter and this impact may continue into future quarters. Management will continue to monitor the situation and its impact on the Company.

Fair value and impairment of financial instruments

Certain financial instruments are recorded in the Company's consolidated balance sheets at values that are representative of or approximate fair value.

The fair values of the Company's investments in for-sale housing are determined using the valuation methodologies described in the condensed interim consolidated financial statements. By their nature, these valuation techniques require the use of assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in the underlying assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect the investment income recognized in a particular period. Further, any significant changes to the inputs and assumptions owing to the COVID-19 pandemic, as discussed above, could further impact the valuation of the for-sale housing investments in future quarters.

Fair value of incentive plans

Management is required to make certain assumptions and to estimate future financial performance to estimate the fair value of incentive plans at each consolidated balance sheet date. Significant estimates and assumptions relating to such incentive plans are disclosed in the condensed interim consolidated financial statements. The LTIP requires management to estimate future non-IFRS earnings measures, namely future performance fees relative to each Investment Vehicle. Future non-IFRS measures are estimated based on current projections, and are updated at least annually, taking into account actual performance since inception.

Significant judgments

Acquisition of rental properties

The Company's accounting policies relating to rental properties are described in Note 3 of the condensed interim consolidated financial statements. In applying these policies, judgment is exercised in determining whether certain costs are additions to the carrying amount of a rental property and whether properties acquired are considered to be asset acquisitions or business combinations. Should the purchase meet the criteria of a business combination, then transaction costs, such as appraisal and legal fees, are expensed immediately and included in the consolidated statements of comprehensive income. If the purchase is an asset acquisition, transaction costs form part of the purchase price and earnings are not immediately affected.

Basis of consolidation

The consolidated financial statements of the Company include the accounts of Tricon and its wholly-owned subsidiaries, as well as entities over which the Company exercises control on a basis other than majority ownership of voting interests within the scope of IFRS 10. Judgment is applied in determining if an entity meets the criteria of control as defined in the accounting standard.

Investments in joint ventures and joint arrangements

The Company makes judgments in determining the appropriate accounting for investments in other entities. These judgments include determining the significant relevant activities and assessing the level of influence Tricon has over the activities through contractual arrangements. In addition, the Company also determines whether Tricon’s rights and obligations are directly related to the assets and liabilities of the arrangement or to the net assets of the joint arrangement.

Goodwill impairment

Assessment of impairment is based on management’s judgment of whether there are internal and external factors that would indicate that an asset or cash-generating unit (“CGU”) is impaired. The determination of CGUs is also based on management’s judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Factors considered include whether an active market exists for the output produced by the asset or group of assets, as well as how management monitors and makes decisions about the Company’s operations.

8.3 Controls and procedures

Pursuant to National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings* released by the Canadian Securities Administrators, the Company’s CEO and CFO have evaluated the design and operating effectiveness of the Company’s disclosure controls and procedures and the Company’s internal controls over financial reporting for the three months ended March 31, 2020. 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, 2020, 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. Such controls and procedures are subject to continuous review and changes to such controls and procedures may require management resources and systems in the future.

Management does not expect that the disclosure controls or internal controls over financial reporting of the Company will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect that there are resource constraints, and the benefits of controls must be considered relative to their costs. Inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

8.4 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.

8.5 Dividends

On May 14, 2020, the Board of Directors of the Company declared a dividend of seven cents per share in Canadian dollars payable on or after July 15, 2020 to shareholders of record on June 30, 2020.

8.6 Compensation incentive plans

The Company's annual compensation incentive plans include an annual incentive plan ("AIP") and a long-term incentive plan ("LTIP").

The Company's AIP provides for an aggregate bonus pool based on the sum of all employees' individual AIP targets. The portion of the pool attributable to senior executive management is market-benchmarked and subject to an adjustment factor, as approved by the Board, of between 50% and 150%, based on achievement of Company performance objectives determined by the Board at the beginning of each year. The final pool is then allocated among employees based on individual and collective performance. AIP awards will be made in cash and equity-based grants, with the proportion of equity-based awards being correlated to the seniority of an individual's role within the Company.

LTIP expense is generated from two sources: (i) 50% of the Company's share of performance fees or carried interest from Investment Vehicles, paid in cash when received; and (ii) 15% of income earned from THP1 US (a for-sale housing Investment Vehicle), payable in deferred share units which vest in equal tranches over a three-year period (previously a five-year period) pursuant to the LTIP. Amounts under the LTIP are allocated among employees in accordance with the plan.

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.triconcapital.com.

8.7 Risk definition and management

There are certain risks inherent in the Company's activities which may impact the Company's performance, the value of its investments and the value of its securities. In addition to the discussion below, which is provided for further clarity, the Company's Annual Information Form dated February 24, 2020 and its MD&A for the year ended December 31, 2019, which are available on SEDAR at www.sedar.com and on the Company's website at www.triconcapital.com, contain detailed discussions of these risks.

Disease outbreaks may negatively impact the Company

A local, regional, national or international outbreak of a contagious disease, including the recent COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in: a general or acute decline in economic activity in the regions the Company and its Investment Vehicles hold assets and conduct business, a decrease in the willingness or ability of the general population to travel, staff shortages, diversion of management attention, reduced resident and customer traffic and demand, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the quarantine or contamination of one or more of the Company's properties. These and other related consequences could negatively impact: the ability to collect rent, fee income and other revenue sources, rental rates and for-sale housing prices, property values, bad debt expense, liquidity, the Company's ability to grow and expand its portfolios, development timelines, project cash flows, compliance with debt covenants and default risk, and the Company's ability to achieve its financial and strategic goals and targets. In addition, the Company's response to such a crisis may be made in the context of economic and epidemiological uncertainty and changing legal regulations which may increase the risk of legal or regulatory liability to the Company. The Company's response to the current COVID-19 pandemic is summarized in Sections 1.2 and 3.3.

9. HISTORICAL FINANCIAL INFORMATION

The following table shows selected IFRS measures for the past eight quarters.

Effective January 1, 2020, the Company commenced consolidation of the financial statements of single-family rental and multi-family rental entities that are considered controlled subsidiaries. On the date of transition, the Company applied the requirements of IFRS 3 to all subsidiaries that were previously measured at fair value through profit and loss. As the requirements of IFRS 3 are applied prospectively, the IFRS measures below for all quarters prior to January 1, 2020 have not been recast and are presented under investment entity accounting in accordance with IFRS 10.

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 rental properties	$ 74,459	$ –	$ –	$ –
Total revenue from operations	81,475	11,716	11,323	9,367
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

For the three months ended

(in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Financial statement results				
Total revenue from operations	$ 7,489	$ 9,565	$ 7,741	$ 7,474
Investment income from discontinued operations	–	–	–	19,602
Net income	24,063	43,297	33,826	39,763
Basic earnings per share	0.17	0.30	0.25	0.29
Diluted earnings per share	0.16	0.23	0.24	0.29

10. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental, Social and Governance ("**ESG**") principles have guided Tricon's decision-making and strategy for the past 31 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, Our Residents, Our Innovation, Our Impact and Our Governance. The ESG roadmap will guide the Company's ESG initiatives over the next three years and will provide a framework for data collection and reporting on the Company's ongoing progress and performance.

Our People

The Company 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 accomplishments to date include:

- A continued focus on talent management and a succession planning framework to build leadership capacity and strengthen retention.
- The implementation of a number of recognition programs to promote workplace culture and values. These programs include the 'Good Gotcha' program, which celebrates individual examples of day-to-day employee excellence, and the 'Pay It Forward' program, whereby every employee receives $100 annually to give to a charity of their choice or a person in need.
- Health, safety and well-being initiatives including programs such as web-based medical services, fitness benefits, employee assistance programs, Best Doctors medical counselling and life balance naturopathic services.
- A corporate office designed with employee health and well-being as a primary consideration, including a spacious open-concept floor plan that increases employees' access to natural sunlight, ergonomic solutions for all employees (including sit-stand desks), and the promotion of face-to-face interactions and walking meetings when possible.

Our Residents

Tricon's goal is to build meaningful communities where people can connect, grow and prosper. We aim to simplify our residents' lives through technology; we build community through resident events and engagement; we promote health and well-being among community members with amenities, recreational spaces and activities that feature healthy lifestyle options; and we assist those in need through our Residential Hardship Fund that provides emergency assistance and financial relief to residents experiencing unexpected hardship. These funds help residents and their families meet their rent obligations and stay in their homes. To help mitigate the financial impact of the COVID-19 pandemic on our residents, we increased funding of the Residential Hardship Fund to $200,000, temporarily halted evictions, waived late fees, and offered flexible payment plans for residents whose financial well-being had been directly impacted by the pandemic.

Our Innovation

Tricon is strongly committed to leveraging innovative technologies and housing solutions in order 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. Examples of accomplishments to date include:

- Partnerships with organizations such as Toronto Life magazine, Eye Buy Art, Roy Thomson Hall, Massey Hall and the Evergreen Brick Works to provide our Toronto multi-family residents access to cultural activities and events. We also have partnerships with companies such as AMJ Campbell Moving and Storage, Casper Mattress and Wayfair, aimed at providing discounted access to services needed for elevated apartment living.
- Investment in new geotab fleet tracking technology to ensure timely and high-quality service to our residents.
- Development of our innovative 360-degree virtual home walk-throughs for each of Tricon's rental homes. This "self showing" technology enables potential residents to tour rental offerings at their convenience, eliminating the need to meet with a leasing agent.
- Partnership with investors and the Ontario government under the Affordable Housing Lands Program, to deliver an innovative solution to housing affordability in the West Don Lands region of Toronto. The project is one of the largest affordable housing projects in Canada and will feature a 70–30% mix of market-rate and affordable units delivered at the same quality and standard.

Our Impact

The Company is committed to making a material sustainability impact across all 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. Tricon is dedicated to ensuring its developments are built to LEED standards and wildlife and biodiversity are protected by creating parks, green spaces and natural ecosystems. Examples of accomplishments to date include:

- The Viridian master-planned community is a Certified Gold Signature Sanctuary. This certification is only awarded to new developments that are designed, constructed and maintained according to Audubon International's standards for planning and environmental stewardship.
- The West Don Lands mixed-use development is being built to achieve LEED Gold status, with a strong emphasis on sustainability, energy efficiency and walkability. Key sustainability and energy efficiency features have been incorporated into the design and development, including efficient chillers, temperature moderating façade systems, in-suite heat recovery, low-flow hot water fixtures, LED fixtures in communal areas, locally sourced materials, bike parking, storm water retention, solar wall technology, a self-shading façade, green roofs, native plant species, urban farming and a city tram connection.
- Continuous efforts to reduce energy consumption and improve water usage at our single-family rental properties and to seek out more efficient replacement options when renovations are needed. This includes the utilization of smart technologies to help with energy management and the testing of other smart home technology with sensors to drive further efficiencies in utilities usage within our rental homes.

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. The Company has established a governance framework to hold the organization, leadership, and staff accountable. The governance framework includes four key elements:

- **Code of Business Conduct and Ethics and Compliance Manual** – outline the Company's business practices and procedures to ensure compliance with all securities laws, legal requirements and our own standards;
- **Whistleblowing policy** – sets out expectations for the reporting of any illegal or unethical behaviour, in addition to a confidential complaint procedure through which people can report concerns about accounting or auditing matters or potential violations of the Company's policies without the threat of retaliation;
- **Diversity of leadership** – exemplifying the Company's commitment to diversity throughout its business across a range of factors, including expertise and experience, gender, geography, age, race and ethnicity. It also confirms our commitment to meeting or exceeding the expectations of the 30% Club Canada, a campaign to increase gender diversity at board and senior management levels; and
- **Risk management** – including the use of prudent and disciplined investment practices, diversifying capital across product types and market locations, diligently structuring transactions, conducting comprehensive due diligence and market research, and taking an active role in the ongoing management of our investments.

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.triconcapital.com/investor-information and on SEDAR at www.sedar.com.

TRICON

7 St. Thomas Street, Suite 801 Toronto, Ontario M5S 2B7

T 416 925 7228 F 416 925 7964 www.TriconCapital.com