TRICON RESIDENTIAL

Condensed Interim Consolidated Financial Statements

for the Three and Six Months Ended June 30, 2020

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

Unaudited (in thousands of U.S. dollars)

	Notes	June 30, 2020	December 31, 2019
ASSETS			
Non-current assets			
Rental properties	6	$ 5,861,096	$ –
Investments in Canadian multi-family developments	3, 7	80,248	–
Canadian development properties	3, 8	100,605	–
Investments in for-sale housing	3, 9	167,752	300,653
Investments – Tricon American Homes	2	–	1,365,007
Investments – Tricon Lifestyle Rentals	2	–	525,932
Deferred income tax assets	13	105,098	44,749
Restricted cash		90,868	–
Intangible assets	21	14,333	16,396
Other assets	22	44,584	30,677
Goodwill	5, 12	108,838	219
		6,573,422	**2,283,633**
Current assets			
Cash		33,418	8,908
Amounts receivable	15	17,751	8,952
Prepaid expenses and deposits		12,790	796
Total assets		**$ 6,637,381**	**$ 2,302,289**
LIABILITIES			
Non-current liabilities			
Long-term debt	16	$ 3,985,922	$ 307,869
Other liabilities	23	5,876	14,329
Limited partners' interests	5	316,098	–
Deferred income tax liabilities	13	255,212	98,584
Convertible debentures	17	163,622	161,311
Long-term incentive plan	27	17,888	21,409
Derivative financial instruments	18	2,184	657
		4,746,802	**604,159**
Current liabilities			
Amounts payable and accrued liabilities	11	93,239	26,190
Resident security deposits		42,998	–
Dividends payable	24	9,906	10,474
Current portion of long-term debt	16	130,376	284
Total liabilities		**5,023,321**	**641,107**
Equity			
Share capital	25	1,188,363	1,201,061
Share capital reserve		–	(13,057)
Contributed surplus		19,238	20,223
Cumulative translation adjustment		16,114	19,396
Retained earnings		382,497	425,515
Total shareholders' equity		1,606,212	1,653,138
Non-controlling interest		7,848	8,044
Total equity		**1,614,060**	**1,661,182**
Total liabilities and equity		**$ 6,637,381**	**$ 2,302,289**

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

Approved by the Board of Directors

David Berman Michael Knowlton

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars, unless otherwise indicated)

		For the three months ended		For the six months ended	
	Notes	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenue from rental properties	14	**$ 118,912**	**$ –**	**$ 235,084**	**$ –**
Direct operating expenses	20	(41,912)	–	(83,625)	–
Net operating income from rental properties		77,000	–	151,459	–
Revenue from private funds and advisory services	14	**$ 7,328**	**$ 9,367**	**$ 14,344**	**$ 16,856**
Income from investments in Canadian multi-family developments	7	155	–	5,307	–
Income (loss) from investments in for-sale housing	9	3,155	3,346	(76,424)	5,573
Other income from Canadian development properties	8	108	–	156	–
Property management overhead	20	(5,288)	–	(11,754)	–
Compensation expense	27	(9,912)	(10,677)	(17,010)	(19,376)
General and administration expense		(5,675)	(3,217)	(11,844)	(6,008)
Interest expense	19	(40,250)	(7,708)	(84,193)	(15,038)
Fair value gain on rental properties	6	10,304	–	30,941	–
Net change in fair value of derivative financial instruments and other liabilities	18	(450)	8,060	(2,594)	1,175
Transaction costs		(4,188)	(24,888)	(5,847)	(26,811)
Amortization and depreciation expense	21, 22	(2,781)	(1,562)	(5,558)	(3,104)
Realized and unrealized foreign exchange gain (loss)		1,189	159	(1,748)	(21)
Net change in fair value of limited partners' interests		(9,314)	–	(14,765)	–
Investment income – Tricon American Homes		–	40,231	–	83,784
Investment income – Tricon Lifestyle Rentals		–	2,501	–	7,888
		(62,947)	6,245	(195,333)	28,062
Income (loss) before income taxes		**$ 21,381**	**$ 15,612**	**$ (29,530)**	**$ 44,918**
Income tax recovery (expense) – current	13	286	(576)	224	(2,089)
Income tax (expense) recovery – deferred	13	(4,326)	(2,680)	6,142	(6,410)
Net income (loss)		**$ 17,341**	**$ 12,356**	**$ (23,164)**	**$ 36,419**
Attributable to:					
Shareholders of Tricon		17,047	11,932	(23,965)	35,848
Non-controlling interest		294	424	801	571
Net income (loss)		**$ 17,341**	**$ 12,356**	**$ (23,164)**	**$ 36,419**
Other comprehensive income					
Items that will be reclassified subsequently to net income					
Cumulative translation reserve		3,356	(252)	(3,282)	(270)
Comprehensive income (loss) for the period		**$ 20,697**	**$ 12,104**	**$ (26,446)**	**$ 36,149**
Attributable to:					
Shareholders of Tricon		20,403	11,680	(27,247)	35,578
Non-controlling interest		294	424	801	571
Comprehensive income (loss) for the period		**$ 20,697**	**$ 12,104**	**$ (26,446)**	**$ 36,149**
Basic earnings (loss) per share attributable to shareholders of Tricon	26	**$ 0.09**	**$ 0.08**	**$ (0.12)**	**$ 0.24**
Diluted earnings (loss) per share attributable to shareholders of Tricon	26	**$ 0.09**	**$ 0.04**	**$ (0.12)**	**$ 0.24**
Weighted average shares outstanding – basic	26	**194,001,974**	**155,787,146**	**194,562,871**	**150,063,994**
Weighted average shares outstanding – diluted	26	**195,196,126**	**174,133,167**	**194,562,871**	**151,936,857**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited (in thousands of U.S. dollars)

	Notes	Share capital	Share capital reserve	Contributed surplus	Cumulative translation adjustment	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at January 1, 2020		**$ 1,201,061**	**$ (13,057)**	**$ 20,223**	**$ 19,396**	**$ 425,515**	**$ 1,653,138**	**$ 8,044**	**$ 1,661,182**
Net loss		–	–	–	–	(23,965)	(23,965)	801	(23,164)
Shares repurchased under put rights on common shares issued to acquire Starlight U.S. Multi-Family (No. 5) Core Fund	25	(14,922)	13,057	–	–	–	(1,865)	–	(1,865)
Cumulative translation reserve		–	–	–	(3,282)	–	(3,282)	–	(3,282)
Distributions to non-controlling interest		–	–	–	–	–	–	(997)	(997)
Dividends/Dividend reinvestment plan	24	1,581	–	–	–	(19,387)	(17,806)	–	(17,806)
Stock options	27	499	–	(1,878)	–	334	(1,045)	–	(1,045)
Shares reserved for restricted share awards	27	(32)	–	133	–	–	101	–	101
Deferred share units	27	176	–	760	–	–	936	–	936
Balance at June 30, 2020		**$ 1,188,363**	**$ –**	**$ 19,238**	**$ 16,114**	**$ 382,497**	**$ 1,606,212**	**$ 7,848**	**$ 1,614,060**
Balance at January 1, 2019		**$ 793,521**	**$ –**	**$ 17,468**	**$ 19,525**	**$ 353,220**	**$ 1,183,734**	**$ 8,864**	**$ 1,192,598**
Net income		–	–	–	–	35,848	35,848	571	36,419
Shares issued to acquire Starlight U.S. Multi-Family (No. 5) Core Fund	25	405,491	(13,057)	–	–	–	392,434	–	392,434
Cumulative translation reserve		–	–	–	(270)	–	(270)	–	(270)
Distributions to non-controlling interest		–	–	–	–	–	–	(1,347)	(1,347)
Dividends/Dividend reinvestment plan	24	1,803	–	–	–	(17,875)	(16,072)	–	(16,072)
Debentures conversion	25	100	–	–	–	–	100	–	100
Stock options	27	2	–	402	–	–	404	–	404
Shares repurchased and reserved for restricted share awards	27	(25)	–	91	–	–	66	–	66
Deferred share units		786	–	1,633	–	–	2,419	–	2,419
Balance at June 30, 2019		**$ 1,201,678**	**$ (13,057)**	**$ 19,594**	**$ 19,255**	**$ 371,193**	**$ 1,598,663**	**$ 8,088**	**$ 1,606,751**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited (in thousands of U.S. dollars)

For the six months ended	Notes	June 30, 2020
CASH PROVIDED BY (USED IN)		
Operating activities		
Net loss		$ (23,164)
Adjustments for non-cash items		
Fair value gain on rental properties	6	(30,941)
Net change in fair value of derivative financial instruments and other liabilities	18	2,594
Loss from investments in for-sale housing	9	76,424
Income from investments in Canadian multi-family developments	7	(5,307)
Amortization and depreciation expense	21, 22	5,558
Amortization of debt and debentures discount and financing costs	19	4,141
Interest on lease obligation	19	165
Deferred income taxes	13	(6,142)
Long-term incentive plan	27	(2,878)
Annual incentive plan	27	6,749
Net change in fair value of limited partners' interests	5	14,765
Unrealized foreign exchange gain		(7,959)
Advances made to investments in Canadian multi-family developments and for-sale housing	7, 9	(5,480)
Distributions received from for-sale housing investments	9	58,757
Changes in non-cash working capital items	32	(3,842)
Net cash (used in) provided by operating activities		**83,440**
Investing activities		
Cash acquired in deemed acquisitions	5	22,199
Acquisition of remaining interest of Canadian development properties	8	(7,643)
Acquisition of rental properties	6	(109,383)
Capital additions to rental properties	6	(46,333)
Disposition of rental properties	6	8,086
Additions to fixed assets and other non-current assets	8, 22	(7,678)
Net cash (used in) provided by investing activities		**(140,752)**
Financing activities		
Lease payments	23	(1,205)
Repurchase of common shares	25	(14,922)
Proceeds from corporate borrowing	16	96,000
Repayments of corporate borrowing	16	(63,721)
Proceeds from rental and development properties borrowing	16	109,292
Repayments of rental and development properties borrowing	16	(34,675)
Proceeds from other liabilities	23	1,774
Dividends paid	24	(18,405)
Change in restricted cash		(6,786)
Advances from limited partners	5	16,746
Distributions to limited partners	5	(1,187)
Distributions to non-controlling interest		(997)
Net cash (used in) provided by financing activities		**81,914**
Effect of foreign exchange rate difference on cash		**(92)**
Change in cash during the period		**24,510**
Cash – beginning of period		**8,908**
Cash – end of period		**$ 33,418**
Supplementary information		
Cash paid on		
Income taxes		$ 226
Interest		$ 80,730

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited (in thousands of U.S. dollars)

For the six months ended	Notes	June 30, 2019
CASH PROVIDED BY (USED IN)		
Operating activities		
Net income		$ 36,419
Adjustments for non-cash items		
Amortization and depreciation expense	21, 22	3,104
Deferred income taxes	13	6,410
Long-term incentive plan	27	2,393
Annual incentive plan	27	7,444
Amortization of debentures discount and issuance costs		2,134
Accrued investment income from single-family rental		(83,784)
Accrued investment income from multi-family rental		(7,888)
Accrued income from investments in for-sale housing		(5,573)
Net change in fair value of derivative financial instruments		(1,175)
Unrealized foreign exchange gain		(6,033)
Distributions to non-controlling interest		(1,347)
Advances made to investments		(97,912)
Distributions received from investments		74,151
		(71,657)
Changes in non-cash working capital items	32	25,938
Net cash (used in) provided by operating activities		**(45,719)**
Investing activities		
Purchase of building, furniture, office and computer equipment, and leasehold improvements		(1,500)
Net cash (used in) provided by investing activities		**(1,500)**
Financing activities		
Lease payments		(85)
Equity issuance costs	25	(223)
Proceeds from corporate borrowing		198,500
Repayments of corporate borrowing		(140,793)
Dividends paid		(13,061)
Net cash (used in) provided by financing activities		**44,338**
Effect of foreign exchange rate difference on cash		**19**
Change in cash during the period		**(2,862)**
Cash – beginning of period		**7,773**
Cash – end of period		**$ 4,911**
Supplementary information		
Cash paid on		
Income taxes		$ 540
Interest		$ 12,866

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

1. NATURE OF BUSINESS

Tricon Residential Inc. ("Tricon" or the "Company"), formerly Tricon Capital Group Inc., is a residential real estate company primarily focused on owning and operating rental housing in North America. 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. 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 associated with its businesses.

Tricon was incorporated on June 16, 1997 under the Business Corporations Act (Ontario) and its head office is located at 7 St. Thomas Street, Suite 801, Toronto, Ontario, M5S 2B7. The Company is domiciled in Canada. Tricon became a public company on May 20, 2010, and its common shares are listed on the Toronto Stock Exchange ("TSX") (symbol: TCN).

These condensed interim consolidated financial statements were approved for issue on August 4, 2020 by the Board of Directors of Tricon.

2. BASIS OF PRESENTATION

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") (Note 5).

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 in the consolidated balance sheet of the Company. Similarly, these subsidiaries' revenues and expenses have been reported in the Company's consolidated statement of comprehensive income together with the non-controlling interests' share of income.

Concurrent with the consolidation of the single-family and multi-family rental properties, the Company's investments in Canadian multi-family developments are accounted for as follows: (i) proportionate consolidation for joint operations in accordance with IFRS 11, *Joint Arrangements* ("IFRS 11") for the period between January 1, 2020 and June 22, 2020, during which time the Company owned 50% and 25% interests in The James and The Shops of Summerhill, respectively; and (ii) equity accounting for associates and joint ventures under IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). The Company's legacy 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* ("IFRS 9").

(in thousands of U.S. dollars, except per share amounts and percentage amounts)

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 developments					
The Shops of Summerhill(1)	Joint operation for the period between January 1, 2020 and June 22, 2020, and controlled subsidiary from June 23, 2020	Proportionate consolidation between January 1, 2020 and June 22, 2020, and consolidation from June 23, 2020	Canadian development properties	Other income from Canadian development properties	N/A
The James (Scrivener Square)(1)					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

(1) On June 23, 2020, Tricon acquired its remaining ownership interests of 50% and 75% in The James and The Shops of Summerhill, respectively (see Note 8). As a result, these investees ceased to be accounted for as joint operations, and the Company began to consolidate these subsidiaries on a prospective basis.

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.

Preparation of condensed interim consolidated financial statements

The condensed interim consolidated financial statements are prepared on a going-concern basis and are presented in U.S. dollars, which is also the Company's functional currency. All financial information is presented in thousands of U.S. dollars except where otherwise indicated. These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*.

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except for:

(i) Rental properties, which are recorded at fair value with changes in fair value recorded in the consolidated statements of comprehensive income;

(ii) Canadian development properties, which are recorded at fair value with changes in fair value recorded in the consolidated statements of comprehensive income;

(iii) Investments in for-sale housing, which are accounted for as portfolio investments (financial assets) and are recorded at fair value through profit and loss;

(iv) Derivative financial instruments, which are recorded at fair value through profit and loss; and

(v) Limited partners' interests, which are recorded at fair value through profit and loss.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying Tricon's accounting policies. The estimates involving a high degree of judgment or complexity, or estimates where assumptions are significant to the consolidated financial statements, are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Consolidation

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The accounting policies of subsidiaries have been modified where necessary to align them with the policies adopted by the Company. When the Company does not own all of the equity in a subsidiary, the non-controlling equity interest is disclosed in the consolidated balance sheet as a separate component of total equity. A non-controlling interest may also be classified as a financial liability if the non-controlling interest contains an option or a redemption feature, which is the case for SFR JV-1. All intra-group balances, transactions and unrealized gains and losses are eliminated in full upon consolidation.

The Company currently consolidates Tricon Single-Family Rental REIT LLC and its wholly-owned subsidiaries, along with SFR JV-1 (collectively, the "single-family rental" business), Tricon US Multi-Family REIT Inc. and its wholly-owned subsidiaries (collectively, the "multi-family rental" business), and The James (Scrivener Square) and The Shops at Summerhill (collectively, the "Canadian development properties"). The single-family and multi-family rental businesses were previously held through Tricon SF Home Rental ULC and TLR Saturn Master LP until the Company reorganized and simplified the legal structure in May 2020.

Joint arrangements and interests in associates

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint operations are accounted for using proportionate consolidation as per IFRS 11 while joint ventures apply the equity method in accordance with IAS 28.

Joint operations – proportionate consolidation

A joint operation is a joint arrangement under which the investors involved have joint control and usually results from the investors holding direct interests in the assets and liabilities of an investee (without establishing a separate legal entity). At the Transition Date, the Company had interests in one development project (The James) and an adjacent commercial property (The Shops of Summerhill) in Toronto that were accounted for as joint operations. The Company recorded its proportionate share of the assets, liabilities, revenue and expenses of the joint operations. All balances and effects of transactions between joint operations and the Company were eliminated to the extent of its interest in the joint operations.

On June 23, 2020, Tricon acquired its remaining ownership interests of 50% and 75% in The James and The Shops of Summerhill, respectively, and as a result, the Company began to consolidate these subsidiaries on a prospective basis (see Note 8).

(in thousands of U.S. dollars, except per share amounts and percentage amounts)

Joint ventures – equity method of accounting

A joint venture is a joint arrangement under which the investors have joint control through a separate legal entity established and hold an interest in the net assets (as opposed to a direct interest in the underlying project). The Company accounts for its joint ventures using the equity method. The Company currently has six active Canadian multi-family developments that are governed by joint venture arrangements.

Interests in associates – equity method of accounting

An associate is an entity over which the Company has significant influence, but not control (or joint control), in accordance with IAS 28. Generally, the Company is considered to exert significant influence when it holds, directly or indirectly, 20% or more of the voting power of the investee. However, determining significant influence is a matter of judgment and specific circumstances. The Company's interests in 592 Sherbourne LP (The Selby) and 57 Spadina LP (The Taylor) are accounted for using the equity method.

Under the equity method, a contribution to an investee is 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. Distributions received from an investee reduce the carrying amount of the investment.

The Company's associates and joint ventures that are equity-accounted include:

Name	Type	Principal place of business	Country of incorporation	Ownership interest %	Voting rights %(1)
Associates					
592 Sherbourne LP (The Selby)	Limited Partnership	Canada	Canada	15%	50%
57 Spadina LP (The Taylor)	Limited Partnership	Canada	Canada	30%	50%
Joint ventures					
WDL 3/4/7 LP	Limited Partnership	Canada	Canada	33%	33%
WDL 8 LP	Limited Partnership	Canada	Canada	33%	33%
WDL 20 LP	Limited Partnership	Canada	Canada	33%	33%
DKT B10 LP	Limited Partnership	Canada	Canada	33%	33%
6–8 Gloucester LP (The Ivy)	Limited Partnership	Canada	Canada	47%	50%
Labatt Village Holding LP	Limited Partnership	Canada	Canada	38%	50%

(1) In respect of major decisions only.

Investments in for-sale housing

Investments that are held as part of the Company's for-sale housing portfolio are carried on the consolidated balance sheets at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28, which allows portfolio investments that are held by the Company to be recognized and measured at FVTPL and accounted for in accordance with IFRS 9 and IFRS 13, *Fair Value Measurement* ("IFRS 13"), with changes in fair value recognized in the consolidated statements of comprehensive income.

The Company invests in for-sale housing by providing equity or equity-type financing to experienced local or regional developers and builders primarily in the United States. The investments are typically made through co-investments in commingled funds, separate accounts, side-cars and joint ventures ("Investment Vehicles") which hold interests in land development and homebuilding projects.

The Company's investments in for-sale housing include:

Name	Type	Principal place of business	Country of incorporation	Ownership interest %	Voting rights %(1)
Tricon Housing Partners US LP(2)	Limited Partnership	USA	USA	68%	68%
Tricon Housing Partners US Syndicated Pool I LP	Limited Partnership	USA	USA	20%	50%
Tricon Housing Partners US Syndicated Pool II LP	Limited Partnership	USA	USA	20%	50%
Tricon Housing Partners US II LP(2)	Limited Partnership	USA	USA	8%	>50%
Tricon Housing Partners Canada III LP(2)	Limited Partnership	Canada	Canada	10%	>50%
CCR Texas Equity LP	Limited Partnership	USA	USA	10%	50%
Vistancia West Equity LP	Limited Partnership	USA	USA	7%	50%
Conroe CS Texas Equity LP	Limited Partnership	USA	USA	10%	50%
Tegavah Equity LP	Limited Partnership	USA	USA	10%	50%
Lake Norman Equity LP	Limited Partnership	USA	USA	7%	50%
Arantine Hills Equity LP	Limited Partnership	USA	USA	7%	50%
Viridian Equity LP	Limited Partnership	USA	USA	18%	50%
THPAS Holdings JV-1 LLC	Limited Partnership	USA	USA	11%	50%
McKinney Project Equity LLC	Limited Partnership	USA	USA	44%	50%

(1) In respect of major decisions only.

(2) For the purposes of analysis under IFRS, it was determined that Tricon acts primarily as an agent for the benefit of its investors in these partnership entities, and thus Tricon does not control these entities in accordance with the criteria set out in IFRS 10.

Business combination

The Company assesses whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3. A business combination is defined as an acquisition of assets and liabilities that constitute a business that is an integrated set of activities consisting of inputs (such as assets), and processes that when applied to those inputs have the ability to create outputs that provide a return to the Company and its shareholders.

The Company applies the acquisition method to account for business combinations in accordance with IFRS 3. The consideration transferred for the acquisition of the business is the fair value of the assets transferred net of the liabilities assumed, any non-controlling interest in the acquiree, as well as any goodwill or bargain purchase gain recognized and measured by the Company. These identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. All acquisition costs associated with a transaction identified as a business combination are expensed as incurred.

Goodwill

Goodwill arises on the acquisition (or deemed acquisition) of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of any non-controlling interest in the acquiree. Upon initial recognition, goodwill is allocated to the cash-generating unit to which it relates. The Company identifies a cash-generating unit ("CGU") as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. For example, a CGU can be an individual property or a group of properties. Goodwill acquired in business combinations is allocated to the CGUs that are expected to benefit from the synergies of that business combination.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The Company's goodwill impairment test is performed at the CGU level as it is the lowest level within the Company at which goodwill is monitored for internal management purposes. Any goodwill impairment is recognized immediately as an expense in the consolidated statements of comprehensive income in the period in which it arises and is not subsequently reversed.

Rental properties

The Company's rental properties consist of single-family rental homes and multi-family rental properties held to earn rental income.

At the time of the acquisition of a property, the Company applies judgment when determining if the acquisition is an asset acquisition or a business combination. The Company classifies its acquisitions as asset acquisitions when it acquires a single asset (or a group of similar assets) and it has not assumed any employees or acquired an operating platform. Where the Company has concluded that it has acquired an asset, the Company uses the asset purchase model whereby the initial cost of a rental property is comprised of its purchase price and any directly attributable expenditures. Directly attributable expenditures include transaction costs such as due diligence costs, appraisal fees, environmental fees, legal fees, land transfer taxes and brokerage fees.

Subsequent to initial recognition, rental properties are recorded at fair value in accordance with IAS 40, *Investment Property* ("IAS 40"). Fair value is determined based on a combination of internal and external processes and valuation techniques according to the valuation policy discussed in Note 6. Gains or losses arising from changes in the fair value and capitalized costs of rental properties are recorded in the consolidated statements of comprehensive income in the period in which they arise.

In determining whether certain costs are additions to the carrying amount of rental properties or period expenses, management applies judgment based on whether these costs are incurred to enhance the service potential of the property. All costs associated with upgrading and extending the economic life of the existing properties, including internal amounts that are directly attributable to a specific rental property, other than ordinary repairs and maintenance, are capitalized to rental property.

Rental income and operating expenses from rental properties are reported within rental revenue and direct operating expenses incurred for rental properties, respectively, in the consolidated statements of comprehensive income.

Foreign currency translation

Currency translation

Foreign currency transactions (Canadian dollar) are translated into U.S. dollars using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in Canadian dollars are translated into U.S. dollars using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in Canadian dollars are translated into U.S. dollars using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at FVTPL. Gains and losses arising from foreign exchange are included in the consolidated statements of comprehensive income.

Consolidated entities

For subsidiaries that are required to be consolidated, the results and financial position of those subsidiaries with a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing rate at the date of the balance sheet;

(ii) income and expenses are translated at average exchange rates. The Company uses monthly average exchange rates due to the volume of transactions each month; and

(iii) all resulting exchange differences are recognized in other comprehensive income.

Other assets

Other assets include fixed assets, leasehold improvements and right-of-use assets.

Fixed assets and leasehold improvements

Fixed assets (building, property-related systems software, vehicles, furniture and office equipment and computer equipment) and leasehold improvements are accounted for at cost less accumulated depreciation and impairment. Leasehold improvements are amortized on a straight-line basis over their useful lives, which are typically their lease terms. All other depreciation expense is recorded on a straight-line basis over the estimated useful lives of the fixed assets, as follows:

Building	30 years
Property-related systems software	15 years
Vehicles	5 years
Furniture and office equipment	2–7 years
Computer equipment	2–7 years
Computer software	3 years

The estimated useful lives of fixed assets are reviewed and adjusted, if appropriate, at each financial year-end. As described below under Impairment of non-financial assets, fixed assets are also reviewed at each balance sheet date to determine whether there is an indication of impairment.

Right-of-use assets and lease liabilities

At the lease commencement date, a right-of-use asset and lease liability are recognized on the consolidated balance sheets for all leases, with the exception of short-term and low-value leases. The right-of-use assets and lease liabilities are initially measured at the present value of the lease payments.

Lease payments are apportioned between the implicit finance charge and the implicit repayment of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statements of comprehensive income using the effective interest method.

Right-of-use assets are amortized on a straight-line basis over their lease terms and are accounted for at cost less accumulated amortization and reviewed at each balance sheet date to determine whether there is an indication of impairment.

Intangible assets

Intangible assets include capitalized placement fees, customer relationship and contractual development fees.

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

The customer relationship intangible relates to the Company's ownership of The Johnson Companies LP ("Johnson"), in which Tricon owns a 50.1% interest, and represents an estimate of the potential management fees, development fees and commissions that Tricon could collect, based on potential future projects resulting from Johnson's existing customer relationships at the time of the acquisition of Johnson, and as such are considered to be definite-life intangibles. Similarly, the contractual development fee intangibles from Johnson represent an estimate of the future lot development fees and commissions that Tricon expects to collect over the lives of the projects that Johnson managed at the time of acquisition. They are amortized by project over the estimated periods that the Company expects to collect these fees, which is approximately seven years for both management fees and lot development fees.

Impairment of non-financial assets

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

Financial instruments

Financial assets

The Company's financial assets are comprised of cash, restricted cash, amounts receivable, and investments in for-sale housing accounted for as portfolio investments. Financial assets within the scope of IFRS 9 are initially measured at fair value and subsequently classified and measured in one of three categories in accordance with IFRS 9: amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

Transaction costs related to investments in for-sale housing are expensed as incurred and charged to income within the consolidated statements of comprehensive income.

Gains and losses arising from changes in the fair value of investments in for-sale housing are presented in the consolidated statements of comprehensive income within income from investments in for-sale housing.

Financial assets and liabilities classified and measured at FVTPL are presented within changes in operating assets and liabilities in the consolidated statements of cash flows.

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

The Company assesses, at each balance sheet date, whether or not there is an expected credit loss with respect to amounts receivable. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the receivable does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in net income.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are initially measured at fair value and subsequently classified and measured at FVTPL or amortized cost, as appropriate.

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

The Company's financial liabilities consist of amounts payable and accrued liabilities, resident security deposits, dividends payable, debt, convertible debentures, derivative financial instruments, other liabilities and limited partners' interests.

Interest expense is accounted for using the effective interest rate method.

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

Gains or losses from the modification of borrowing terms during the year are recognized over the remaining life of the borrowing by adjusting the effective interest rate, on the basis that the terms and conditions of the liability remained largely unchanged. Should the modification be considered substantial, the original financial liability is derecognized and a new financial liability is recognized at fair value.

Derivative financial instruments

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

Convertible debentures

Convertible debentures issued by the Company are comprised of convertible unsecured subordinated debentures that can be converted to share capital at the option of the holder. The Company may settle the conversion right in cash in lieu of common shares unless the holder has explicitly indicated that they do not wish to receive cash. The cash settlement amount depends on the weighted average trading price of the common shares of the Company. This settlement option requires the Company to record the conversion option as a derivative financial instrument measured at fair value at each reporting period, with changes in fair value recorded in the consolidated statements of comprehensive income.

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

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

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

Limited partners' interests

The interests of the limited partners in SFR JV-1 Holdings LP, SFR JV-1 REIT 1 LLC, SFR JV-1 REIT 2 LLC, SFR JV-1 Equity LLC and SFR JV-1 LP (collectively, "SFR JV-1") are recognized as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"). Limited partners' interests are recorded at fair value through profit or loss and reflect the fair value of the underlying investments in SFR JV-1, along with any contributions by and distributions to limited partners during the period. Changes in the fair value of the limited partners' interests are reflected in the consolidated statements of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported on the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. As of June 30, 2020, the Company does not have any assets or liabilities that are subject to an offsetting agreement.

Cash

Cash includes cash deposited in banks. The Company maintains its cash in financial institutions with high credit quality in order to minimize its credit loss exposure.

Restricted cash

Restricted cash primarily consists of resident security deposits held by the Company in separate bank accounts, as well as property tax, capital reserves and rent payment receipts held in bank accounts controlled by lenders.

Share capital

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

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

Earnings per share

Basic

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

Diluted

The Company considers the effects of stock compensation and convertible debentures in calculating diluted earnings per share. Diluted earnings per share is calculated by adjusting net income attributable to shareholders of the Company and the weighted average number of shares outstanding based on the assumption of the conversion of all potentially dilutive shares on a weighted average basis from the beginning of the year or, if later, the date the stock compensation or convertible debentures were issued to the balance sheet date.

Dividends

Dividends on common shares are recognized in the consolidated financial statements in the period in which the dividends are approved by Tricon's Board of Directors.

Current and deferred income taxes

Income tax expense includes current and deferred income taxes. Income tax expense is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized directly in equity, in which case the tax is also recognized directly in equity.

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

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

Revenue

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 are 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 with revenue from rental properties in the consolidated statements of comprehensive income, and the details of revenue, including ancillary income, are discussed in Note 14.

In addition to revenue generated from the lease component, revenue from rental properties includes a non-lease component earned from the residents, which is recognized under IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). Non-lease revenue includes property management services, such as repairs and maintenance performed on the properties. These services represent a single performance obligation and revenue is recognized over time as the services are provided, regardless of when the payment is received. Revenue from rental properties is allocated to non-lease components using a cost-plus margin approach whereby the Company separates the operating costs that pertain to the services provided to the residents and applies a reasonable profit margin.

The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all of the revenue arrangements, it has pricing latitude and it is also exposed to credit risks.

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 businesses 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 under management. The Company may also earn performance fees once targeted returns are achieved by an Investment Vehicle. The Company recognizes performance fees 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 includes 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 development management and advisory service fees from 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 the revenues 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. These management 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 through its rental operating platform. These management services are satisfied over time and revenues are recognized as services are provided in accordance with IFRS 15.

Compensation arrangements

Stock option plan

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

Annual Incentive Plan ("AIP")

The 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 the 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. Equity-based AIP awards are granted in a combination of deferred share units ("DSUs"), performance share units ("PSUs"), stock options and restricted shares, pursuant to the Company's Deferred Share Unit Plan ("DSUP"), Performance Share Unit Plan ("PSUP"), stock option plan and Restricted Share Plan, respectively.

Long-term incentive plan ("LTIP")

LTIP expense is generated from two sources: (i) 50% of the Company's share of performance fees or carried interest from Investment Vehicles, paid in cash when received; and (ii) 15% of the income from THP1 US (a for-sale housing investment), payable in DSUs which vest in equal tranches over a three-year period (previously a five-year period) pursuant to the LTIP as amended on May 6, 2019. Amounts under the LTIP are allocated among employees in accordance with the plan.

For the LTIP generated from the Company's share of performance fees or carried interest from certain Investment Vehicles, the Company estimates the LTIP liability by determining the performance fees at each reporting date based on the estimated fair value of the underlying investments. Changes in the LTIP liability are recognized in the consolidated statements of comprehensive income.

Directors' fees

One-half of each independent Director's base annual retainer is paid in DSUs which vest immediately upon their grant. An independent Director may also elect each year to receive a portion of the balance of his or her fees (including his or her base annual retainer and any additional retainer) in DSUs, which also vest on the date of their grant. Any remaining balance of such fees not payable in DSUs is paid in cash. The DSUs granted to Directors are governed by the DSUP.

Reportable segments

Tricon is comprised of four operating segments: Single-Family Rental, Multi-Family Rental, Residential Development and Private Funds and Advisory. Including the Company's corporate activities, there are five reportable segments for internal and external reporting purposes. The reportable segments are business units offering different products and services, and are managed separately due to their distinct operating natures. These five reportable segments have been determined by the Company's chief operating decision-makers (Note 28).

Accounting standards and interpretations adopted

Effective January 1, 2020, the Company has adopted amendments to IFRS 3, *Business Combinations*. The amendments provide further guidance on the determination of whether a transaction should be accounted for as a business combination or as an asset acquisition. The Company has also adopted amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"), and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, which provide further clarification on the definition of materiality, specifying that materiality will depend on the nature or magnitude of information. The adoption of these standards did not have a significant impact on the Company's consolidated financial statements.

Accounting standards and interpretations issued but not yet adopted

In January 2020, the IASB issued amendments to IAS 1 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2022.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the consolidated financial statements of the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following are the accounting policies subject to judgments and estimation uncertainty that management believes could have a significant risk of causing material adjustments to the amounts recognized in the consolidated financial statements. Actual results could differ from these estimates and the differences may be material.

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 Note 6. 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 novel coronavirus ("COVID-19") pandemic and related market and economic uncertainty that occurred during the first quarter continued to have a significant impact on estimates used in the valuation of the rental properties in the second 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 Note 9. 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. 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 in order 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 Notes 3 and 27. 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. 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 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.

5. BUSINESS COMBINATIONS

As discussed in Note 2, the Company successfully completed its transition to a rental housing company effective January 1, 2020, and as a result, it was required to apply the acquisition method of accounting in accordance with IFRS 3 to all subsidiaries that were previously measured at FVTPL (the "Deemed Acquisition"), as discussed in further detail below.

Deemed acquisition of single-family and multi-family rental businesses

On the Transition Date, Tricon SF Home Rental ULC and its wholly-owned subsidiaries, along with SFR JV-1 (collectively, the "single-family rental" business), and TLR Saturn Master LP and its wholly-owned subsidiaries (collectively, the "multi-family rental" business) were deemed to be acquired by the Company and were accounted for as business combinations in accordance with IFRS 3.

The following table summarizes the deemed consideration paid and the preliminary estimates of the fair values of identified assets acquired and liabilities assumed from both businesses on the Transition Date. The deemed consideration paid reflects the fair value of the Company's interests in the single-family and the multi-family rental businesses as portfolio investments immediately prior to the Transition Date.

(in thousands of U.S. dollars)	Single-family rental[1]	Multi-family rental
Deemed consideration transferred	**$ 1,270,293**	**$ 429,060**
Recognized amounts of assets acquired		
Cash	$ 18,948	$ 2,537
Restricted cash	67,519	16,563
Amounts receivable	1,033	3,436
Derivative financial instruments	28	–
Prepaid expenses and deposits	9,829	720
Rental properties	4,337,681	1,344,844
Deferred income tax assets	40,000	–
Other assets	11,255	90
Total identifiable assets	**$ 4,486,293**	**$ 1,368,190**
Recognized amount of liabilities assumed		
Amounts payable and accrued liabilities	$ 49,623	$ 20,759
Resident security deposits	30,094	2,031
Other liabilities	5,435	–
Debt	2,716,840	916,340
Deferred income tax liabilities	157,741	79,112
Limited partners' interests	285,774	–
Total identifiable liabilities	**3,245,507**	**1,018,242**
Total identifiable assets and liabilities	**$ 1,240,786**	**$ 349,948**
Goodwill	29,507	79,112
Total	**$ 1,270,293**	**$ 429,060**

(1) The deemed consideration transferred reflects the fair value of the Company's interests in the single-family rental business as a portfolio investment immediately prior to the Transition Date, net of the Company's deferred tax liabilities associated with the investment of $94,714.

The preliminary purchase price allocation resulted in $29,507 and $79,112 of goodwill being recognized from the Deemed Acquisition of the single-family rental and multi-family rental businesses, respectively, due to the recognition of deferred tax liabilities because the tax bases of the net assets are lower than their acquisition date fair values. The Company expects to finalize the determination of the fair values of the assets and liabilities acquired within twelve months of the Transition Date, which could result in material differences from the preliminary values presented in these consolidated balance sheets.

Ownership interests in SFR JV-1 are in the form of limited partnership interests which are classified as liabilities under the provisions of IAS 32. Limited partners' interests are measured as a percentage of net assets acquired.

The following table presents the changes in the limited partners' interests balance for the six months ended June 30, 2020.

(in thousands of U.S. dollars) For the six months ended June 30	2020
Balance, beginning of period[1]	$ 285,774
Contributions	16,746
Distributions	(1,187)
Net change in fair value of limited partners' interests	14,765
Balance, end of period	**$ 316,098**

(1) The initial balance was recognized as a result of the Deemed Acquisition of the single-family rental business.

Deemed acquisition of Canadian multi-family development business under joint operations (proportionate consolidation)

In the Company's Canadian multi-family development business, TLR Investment LP through its wholly-owned subsidiaries (collectively, the "Canadian multi-family development" business) held a 50% and 25% direct ownership interest, respectively, of the properties known as The James (Scrivener Square) and The Shops of Summerhill, which were classified as joint operations under IFRS 11. As at the Transition Date, the Company's proportionate interests in these properties were deemed to be acquired by the Company and were treated as business combinations in accordance with IFRS 3.

The following table summarizes the deemed consideration paid for the Canadian multi-family development business and the preliminary estimates of the fair values of identified assets acquired and liabilities assumed, on a proportionate basis, from the Canadian multi-family development business on the Transition Date.

(in thousands of U.S. dollars)	The James (Scrivener Square)	The Shops of Summerhill	Other entities[1]	Canadian multi-family developments
Deemed consideration transferred	**$ 14,682**	**$ 7,339**	**$ 74,851**	**$ 96,872**
Recognized amounts of assets acquired				
Cash	$ 420	$ 65	$ 229	$ 714
Amounts receivable	131	51	248	430
Prepaid expenses and deposits	12	1	–	13
Other assets	–	–	49	49
Investments in Canadian multi-family developments	–	–	75,141	75,141
Canadian development properties	25,170	10,455	–	35,625
Total identifiable assets	**$ 25,733**	**$ 10,572**	**$ 75,667**	**$ 111,972**
Recognized amount of liabilities assumed				
Amounts payable and accrued liabilities	$ 272	$ 84	$ 816	$ 1,172
Debt	10,779	3,149	–	13,928
Total identifiable liabilities	**11,051**	**3,233**	**816**	**15,100**
Total identifiable assets and liabilities – proportionate basis	**$ 14,682**	**$ 7,339**	**$ 74,851**	**$ 96,872**

(1) Other entities include Tricon Lifestyle Rentals LP and its wholly-owned subsidiaries.

On June 23, 2020, Tricon acquired the remaining 50% and 75% ownership interests in The James and The Shops of Summerhill, respectively (see Note 8). The acquisition of the remaining ownership is considered to be an asset acquisition as it does not meet the definition of a business combination as prescribed by IFRS 3.

6. RENTAL PROPERTIES

The Company's Valuation Committee is responsible for fair value measurements included in the financial statements, including Level 3 measurements. The valuation processes and results are reviewed and approved by the Valuation Committee once every quarter, in line with the Company's quarterly reporting dates. The Valuation Committee consists of individuals who are knowledgeable and have experience in the fair value techniques for the real estate properties held by the Company. The Valuation Committee decides on the appropriate valuation methodologies for new real estate properties and contemplates changes in the valuation methodology for existing real estate holdings. Additionally, the Valuation Committee analyzes the movements in each property's (or group of properties') value, which involves assessing the validity of the inputs applied in the valuation. Valuation results are discussed with the Audit Committee as part of its quarterly review of the Company's financial statements.

The following table presents the changes in the rental property balances for the six months ended June 30, 2020.

	June 30, 2020		
(in thousands of U.S. dollars)	Single-Family Rental	Multi-Family Rental	Total
Initial recognition on Deemed Acquisition (Note 5)	$ 4,337,681	$ 1,344,844	$ 5,682,525
Acquisitions(1)	109,383	–	109,383
Capital expenditures	42,748	3,585	46,333
Dispositions	(8,086)	–	(8,086)
Fair value adjustments	53,476	(22,535)	30,941
Balance, end of period	**$ 4,535,202**	**$ 1,325,894**	**$ 5,861,096**

(1) The total purchase price includes $767 of capitalized transaction costs in relation to the acquisitions.

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

Single-family rental homes

Valuation methodology

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. In addition, homes that were purchased in the last three to six months (or properties purchased in the year that are not yet stabilized) from the reporting date are recorded at their purchase price plus the cost of capital expenditures as the home values typically do not change materially in the short term, and capital expenditures generally do not significantly impact values in those periods.

BPOs are quoted by independent brokers who hold active real estate licences and have market experience in the locations and segments of the properties being valued. The brokers value each property based on recent comparable sales and active comparable listings in the area, assuming the properties were all renovated to an average standard in their respective areas. The Company typically obtains a BPO for a property once every three years or when a home is included in a new debt facility.

The HPI methodology is used to update the value, on a quarterly basis, of single-family rental homes that were most recently valued using a BPO as well as single-family rental homes held for more than six months following initial acquisition. The HPI is calculated based on a repeat-sales model using large real estate information databases compiled from public records. The Company uses the twelve-month trailing average HPI change to update the value of its single-family rental homes. The quarterly HPI change is then applied to the previously recorded fair value of the rental homes. The data used to determine the fair value of the Company's single-family rental homes is specific to the zip code in which the property is located.

(in thousands of U.S. dollars, except per share amounts and percentage amounts)

The Company performed a valuation at May 31, 2020 for rental homes acquired prior to April 1, 2020, according to its valuation policy and based on the best information available. Despite the impact of COVID-19, HPI growth accelerated in the second quarter (0.9% net of capital expenditures) compared to the same period in the prior year, driven by low interest rates coupled with limited home supply in the Sun Belt market. The combination of the HPI and BPO methodologies resulted in a fair value gain of $32,839 for the quarter and $53,476 for the six months ended June 30, 2020.

Because of the uncertainty of housing values due to COVID-19, management performed a discounted cash flow ("DCF") analysis to further validate the value of the portfolio, based on the present value of the expected future cash flows from the income-producing properties. The DCF analysis produced a similar valuation result, supporting the Company's fair value gain recorded in the period.

The input variables considered in the DCF analysis include, but are not limited to, those described in the table below:

Significant unobservable inputs	June 30, 2020	Other inputs and key assumptions
Discount rate	5.25%	Liquidity: considered short-term and mid-term cash requirements, including temporarily suspending deferred renovation spend and resuming at the end of the third quarter of 2020.
Terminal capitalization rate	6.25%	Net operating income ("NOI") growth: assumed reduction in rent growth to 4% and increases in direct property operating expenses of 4–5% per annum.
		Working capital: bad debt expense on rental revenue assumed to remain at current levels throughout the remainder of 2020, reflecting potential collectability concerns due to the effects of COVID-19, with expected return to historical trends in 2021.
		Occupancy: assumed to remain in the range of 97% to 99%, consistent with current trends.

Sensitivity

Fluctuations in either future cash flows from rental operations, discount rates or terminal capitalization rates could significantly alter the fair values, with assumptions for determining terminal capitalization rates having the most significant impact on future cash flows. Generally, an increase in both the terminal capitalization rate and the discount rate will result in decreases to the fair value of a rental property. The discount rate magnifies the effect of a change in future cash flows, with a lower discount rate causing more change in fair value than a higher discount rate when applied to future cash flows. The table below summarizes the impact of changes in both the discount rate and the terminal capitalization rate on the fair value of the Company's single-family rental properties.

	Terminal capitalization rate		
Discount rate	–0.25%	As reported	+0.25%
–0.25%	$ 146,445	$ 35,132	$ (67,619)
As reported	110,019	–	(101,556)
+0.25%	74,086	(34,657)	(135,035)

Multi-family rental properties

Valuation methodology

Fair value is determined using independent valuations prepared by management's specialists or detailed internal valuations prepared by management using market-based assumptions, each in accordance with recognized valuation techniques. The Company utilizes the direct income capitalization approach to determine the fair value of its multi-family rental properties. This method requires that a projected stabilized net operating income ("NOI") for each property is divided by the appropriate capitalization rate to determine a property's fair value. NOI is calculated as a one-year income forecast based on rental income from current leases and key assumptions about rental income, vacancies and inflation rates, among other factors, less property operating costs. Fair value also considers any forecasted capital expenditures within the year to maintain the property in good condition. Given the short-term nature of residential leases (typically one to two years), revenue and costs are not discounted. The capitalization rate is determined for each property based on location, size and quality/vintage of the property and takes into account market information related to recent sales of comparable buildings within a similar geographic location.

In applying the Company's valuation policies, external valuations are obtained from third-party valuation professionals on a rotational basis based on a cross-section of properties from different geographic locations and markets across the Company's multi-family rental portfolio, as determined by management and approved by the Valuation Committee. The fair value of the remainder of the Company's rental properties is determined internally by management using the same assumptions and valuation techniques as those used by the external valuation professionals.

Management assessed changes in capitalization rates in each of the markets in which it owns multi-family rental properties by consulting third-party data based on market transactions. Current market conditions have changed rapidly in response to the impact of COVID-19 and contributed to a decrease in the stabilized NOI assumptions and, as a result, the Company recognized a fair value loss of $22,535 in the quarter. Management will continue to monitor rental market conditions that could adversely affect the valuation of the Company's rental properties.

The key valuation assumptions for the Company's multi-family rental properties are set out below.

	June 30, 2020	December 31, 2019
Capitalization rates – range	4.00% to 5.50%	4.50% to 5.00%
Capitalization rate – weighted average	4.76%	4.71%

Sensitivity

Any fluctuations in either NOI from rental operations or the capitalization rate could significantly alter the fair value of the properties. Generally, an increase in stabilized NOI will result in an increase to the fair value of a rental property. An increase in the capitalization rate will result in a decrease to the fair value of a rental property. The capitalization rate magnifies the effect of a change in NOI, with a lower capitalization rate causing more change in fair value than a higher capitalization rate when applied to NOI. The table below summarizes the impact of changes in both the capitalization rates and NOI on the fair value of the Company's multi-family rental properties.

	Net operating income				
Capitalization rate	–3%	–1%	As forecasted	+1%	+3%
–0.25%	$ 31,497	$ 59,472	$ 73,459	$ 87,447	$ 115,422
As reported	(39,759)	(13,253)	–	13,253	39,759
+0.25%	(103,903)	(78,720)	(66,129)	(53,537)	(28,354)

7. INVESTMENTS IN CANADIAN MULTI-FAMILY DEVELOPMENTS

The Company has entered into certain arrangements in the form of jointly controlled entities and investments in associates for various Canadian multi-family rental developments, as well as The Selby, an income-producing multi-family rental property in Toronto. Joint ventures represent development properties held in partnership with third parties where decisions relating to the relevant activities of the joint venture require the unanimous consent of the partners. These arrangements are accounted for under the equity method.

The following table presents the change in the balance of investments in joint ventures and associates:

(in thousands of U.S. dollars)	June 30, 2020
Initial recognition on Deemed Acquisition (Note 5)	$ 75,141
Advances	3,200
Distributions	–
Income from investments in Canadian multi-family developments	5,307
Translation adjustment	(3,400)
Total investments in joint ventures and associates	**$ 80,248**

The following table presents the ownership interests and carrying values of the Company's equity-accounted investments. The financial information below discloses each investee at 100% and at Tricon's ownership interests in the net assets of the investee.

			June 30, 2020					
(in thousands of U.S. dollars)	Location	Tricon's ownership %	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets	Tricon's share of net assets[1]
Joint ventures								
WDL 3/4/7 LP	Toronto, ON	33%	$ 1,217	$ 23,846	$ 4,956	$ 14,828	$ 5,279	$ 1,766
WDL 8 LP	Toronto, ON	33%	21,372	84,782	19,921	65,248	20,985	7,002
WDL 20 LP	Toronto, ON	33%	783	10,393	285	8,655	2,236	752
DKT B10 LP	Toronto, ON	33%	3,604	1,629	1,230	–	4,003	2,802
6–8 Gloucester LP (The Ivy)	Toronto, ON	47%	1,174	33,415	2,244	–	32,345	15,202
Labatt Village Holding LP[2]	Toronto, ON	38%	–	39,517	–	–	39,517	14,820
			28,150	193,582	28,636	88,731	104,365	42,344
Associates								
592 Sherbourne LP (The Selby)	Toronto, ON	15%	4,221	235,988	2,254	107,306	130,649	19,025
57 Spadina LP (The Taylor)	Toronto, ON	30%	478	93,758	2,344	29,682	62,210	18,879
			4,699	329,746	4,598	136,988	192,859	37,904
Total			**$ 32,849**	**$ 523,328**	**$ 33,234**	**$ 225,719**	**$ 297,224**	**$ 80,248**

(1) Tricon's share of net assets of $80,248 is comprised of $79,128 as per the associates' financial statements plus $1,120 of fair value differences arising from the initial recognition on January 1, 2020.

(2) Labatt Village Holding LP has an 80% ownership interest in the Labatt Village LP project partnership, and therefore Tricon has a 30% effective interest in the project.

			For the six months ended June 30, 2020				
(in thousands of U.S. dollars)	Location	Tricon's ownership %	Revenue	Expenses	Fair value gains	Net and other comprehensive income	Tricon's share of net income
Joint ventures							
WDL 3/4/7 LP	Toronto, ON	33%	$ 54	$ (51)	$ –	$ 3	$ 1
WDL 8 LP	Toronto, ON	33%	–	(45)	15,300	15,255	5,085
WDL 20 LP	Toronto, ON	33%	–	(1)	–	(1)	–
DKT B10 LP	Toronto, ON	33%	–	–	–	–	–
6–8 Gloucester LP (The Ivy)	Toronto, ON	47%	–	(2)	–	(2)	(1)
Labatt Village Holding LP	Toronto, ON	38%	–	(13)	25	12	5
			54	(112)	15,325	15,267	5,090
Associates							
592 Sherbourne LP (The Selby)	Toronto, ON	15%	5,304	(3,856)	–	1,448	217
57 Spadina LP (The Taylor)	Toronto, ON	30%	–	–	–	–	–
			5,304	(3,856)	–	1,448	217
Total			**$ 5,358**	**$ (3,968)**	**$ 15,325**	**$ 16,715**	**$ 5,307**

Based on the assessment of current economic conditions, there are no indicators of impairment of the Company's equity-accounted investments in Toronto as of June 30, 2020. Management will continue to monitor the situation as market conditions may change rapidly which could adversely affect the Company's underlying valuation of such investments.

8. CANADIAN DEVELOPMENT PROPERTIES

The Company's Canadian development properties include one development project (The James) and an adjacent commercial property (The Shops of Summerhill) in Toronto that were previously accounted for as joint operations (Note 2).

On June 23, 2020, Tricon acquired the remaining ownership interests of 50% and 75% in The James and The Shops of Summerhill, respectively, and began consolidating these entities. These two properties are recorded at fair value with changes in fair value recorded in the consolidated statements of comprehensive income in accordance with IAS 40, with the acquired portion added to the fair value of the properties based on the purchase price paid. The Company utilized the asset purchase model whereby the initial cost of a development property is comprised of its purchase price and any directly attributable expenditures, including transaction costs.

The following table summarizes the purchase price paid for each of the properties.

(in thousands of U.S. dollars)	The James (Scrivener Square)	The Shops of Summerhill	Total
Canadian development properties	$ 40,590	$ 25,192	$ 65,782
Net working capital	(3,689)	(1,189)	(4,878)
Assumed debt and vendor take-back loans	(34,077)	(19,184)	(53,261)
Cash paid	**$ 2,824**	**$ 4,819**	**$ 7,643**

The following presents the changes in the Canadian development properties balance for the six months ended June 30, 2020.

(in thousands of U.S. dollars)	June 30, 2020
Initial recognition on Deemed Acquisition (Note 5)	$ 35,625
Acquisitions	65,782
Development expenditures	800
Translation adjustment	(1,602)
Balance, end of period	**$ 100,605**

9. INVESTMENTS IN FOR-SALE HOUSING

The Company makes investments in for-sale housing via equity investments and loan advances. Advances made to investments are added to the carrying value when paid; distributions from investments are deducted from the carrying value when received.

In the six months ended June 30, 2020, the Company recorded a cumulative fair value loss of $76,424, primarily related to the risk of both extended timelines and a reduction in expected future cash flows from these investments caused by COVID-19 during the first quarter.

The following table presents the changes in the investments in for-sale housing for the six months ended June 30, 2020 and the year ended December 31, 2019.

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Balance, beginning of period	$ 300,653	$ 307,564
Advances	2,280	35,389
Distributions	(58,757)	(51,946)
(Loss) income from investments in for-sale housing	(76,424)	9,646
Balance, end of period	**$ 167,752**	**$ 300,653**
Internal debt instruments	$ 14,267	$ 16,757
Equity	153,485	283,896
Total investments in for-sale housing	**$ 167,752**	**$ 300,653**

(in thousands of U.S. dollars, except per share amounts and percentage amounts)

The investments are measured at fair value as determined by the Company's proportionate share of the fair value of each Investment Vehicle's net assets at each measurement date. 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.

The residential real estate development business involves significant risks that could adversely affect the fair value of Tricon's investments in for-sale housing, especially in times of economic uncertainty. Quantitative information about fair value measurements of the investments uses the following significant unobservable inputs (Level 3):

Description	Valuation technique(s)	Significant unobservable input	June 30, 2020 Range of inputs	June 30, 2020 Weighted average of inputs	December 31, 2019 Range of inputs	December 31, 2019 Weighted average of inputs	Other inputs and key information
Commingled funds							
Equity investments	Net asset value, determined using discounted cash flow	a) Discount rate[1] b) Future cash flow[2]	8.0% – 20.0% 1 – 8 years	13.0% 3.4 years	8.0% – 20.0% 1 – 9 years	14.4% 2.3 years	Entitlement risk, sales risk and construction risk are taken into account in determining the discount rate.
Separate accounts/ side-cars/syndicated investments/ joint ventures							
Equity investments[4]	Waterfall distribution model	a) Discount rate[1] b) Future cash flow[2] c) Appraised value[3]	12.5% – 24.0% 1 – 9 years	17.1% 6.0 years	12.5% – 24.0% 1 – 16 years	17.2% 13.0 years	Entitlement risk, sales risk and construction risk are taken into account in determining the discount rate. Price per acre of land, timing of project funding requirements and distributions.
Debt investments	Net asset value, determined using discounted cash flow	a) Discount rate[1] b) Future cash flow[2]	15.0% – 20.0% 3 – 9 years	17.5% 6.9 years	15.0% – 20.0% 3 – 9 years	17.1% 7.2 years	Estimated probability of default.

(1) Generally, an increase in future cash flow will result in an increase in the fair value of debt instruments and fund equity investments. An increase in the discount rate will result in a decrease in the fair value of debt instruments and fund equity investments. The same percentage change in the discount rate will result in a greater change in fair value than the same absolute percentage change in future cash flow.

(2) Estimating future cash flows involves modelling developers' cash flows to determine the quantum and timing of project funding requirements and cash distributions to the Investment Vehicle. Estimates of developers' cash flows are based on detailed quarterly and annual budgets and include estimates of construction and development costs, anticipated selling prices and absorption rates for each project. Certain projects' budgets have been updated to reflect the recent economic environment due to COVID-19 and may be further revised in subsequent quarters as more data regarding the impact becomes available.

(3) On an annual basis, the Company obtains external valuations for its separate account equity and side-car investments excluding THP US SP1 LP, THP US SP2 LP and THPAS JV-1. As at December 31, 2019, the external valuations for Tricon's interest in eight separate account equity and side-car investments totalled $44,478. The Company's investment team and finance team verify all major inputs to the valuation and review the results with the independent appraiser prior to seeking Valuation Committee approval. The significant input within the appraised value is the value of land per acre. Management has assessed whether any significant market changes have occurred subsequent to the date of valuation and certain projects' values have been updated as at June 30, 2020 to reflect the recent economic environment due to COVID-19.

(4) On January 22, 2020, the Company completed the syndication of 50% of its direct investment in Trinity Falls to THPAS JV-1, subsequent to which Tricon's investment in Trinity Falls was remeasured based on the transaction price. As a result, there was a significant change in the range of inputs and weighted average inputs disclosed compared to December 31, 2019 driven by the exclusion of Trinity Falls from the discounted cash flow model.

Sensitivity

For those investments valued using discounted cash flows, an increase of 2.5% in the discount rate results in a decrease in fair value of $7,484 and a decrease of 2.5% in the discount rate results in an increase in fair value of $8,404.

10. FAIR VALUE ESTIMATION

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these condensed interim consolidated financial statements is determined on this basis, unless otherwise noted.

Inputs to fair value measurement techniques are disaggregated into three hierarchical levels, which are based on the degree to which inputs to fair value measurement techniques are observable by market participants:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset's or liability's anticipated life.

Level 3 – Inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs in determining the estimate.

Fair value measurements are adopted by the Company to calculate the carrying amounts of various assets and liabilities.

Acquisition costs, other than those related to financial instruments classified as FVTPL which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method.

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

	June 30, 2020			December 31, 2019		
(in thousands of U.S. dollars)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Rental properties (Note 6)	$ –	$ –	$ 5,861,096	$ –	$ –	$ –
Canadian development properties (Note 8)	–	–	100,605	–	–	–
Investments in for-sale housing (Note 9)	–	–	167,752	–	–	300,653
Investments – Tricon American Homes	–	–	–	–	–	1,365,007
Investments – Tricon Lifestyle Rentals	–	–	–	–	–	525,932
	$ –	**$ –**	**$ 6,129,453**	**$ –**	**$ –**	**$ 2,191,592**
Liabilities						
Limited partners' interests (Note 5)	$ –	$ –	$ 316,098	$ –	$ –	$ –
Derivative financial instruments (Note 18)	–	2,184	–	–	657	–
	$ –	**$ 2,184**	**$ 316,098**	**$ –**	**$ 657**	**$ –**

There have been no transfers between levels for the six months ended June 30, 2020.

Cash, restricted cash, amounts receivable, amounts payable and accrued liabilities, lease liabilities (included in other liabilities) and resident security deposits are measured at amortized cost, which approximates fair value because they are short-term in nature.

11. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

Amounts payable and accrued liabilities consist of trade payables and accrued liabilities, AIP liability, income taxes payable, interest payable, deferred income and the current portion of lease obligations, as follows:

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Trade payables and accrued liabilities	$ 67,122	$ 17,789
AIP liability (Note 27)	7,649	2,742
Income taxes payable	2,007	1,947
Interest payable	13,320	3,577
Deferred income	1,194	–
Current portion of lease obligations (Note 23)	1,947	135
Total amounts payable and accrued liabilities	**$ 93,239**	**$ 26,190**

12. GOODWILL

Goodwill of $108,838 was primarily attributable to the deemed acquisitions of (i) Tricon SF Home Rental ULC and its wholly-owned subsidiaries along with SFR JV-1, and (ii) TLR Saturn Master LP and its wholly-owned subsidiaries (Note 5).

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Goodwill from Johnson acquisition	$ 219	$ 219
Goodwill from deemed acquisition of the multi-family rental business	79,112	–
Goodwill from deemed acquisition of the single-family rental business	29,507	–
Total goodwill	**$ 108,838**	**$ 219**

Based on the assessment of current economic conditions and of the underlying cash flows at the CGU level, management concluded that there was no impairment of goodwill as at June 30, 2020. Management will continue to monitor the situation as the COVID-19 outbreak and the related market and economic uncertainty could impact the significant estimates used in the discounted cash flow for annual impairment testing.

13. INCOME TAXES

	For the three months ended June 30		For the six months ended June 30	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Income tax recovery (expense) – current	$ 286	$ (576)	$ 224	$ (2,089)
Income tax (expense) recovery – deferred	(4,326)	(2,680)	6,142	(6,410)
Income tax (expense) recovery	**$ (4,040)**	**$ (3,256)**	**$ 6,366**	**$ (8,499)**

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

	For the three months ended June 30		For the six months ended June 30	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Income (loss) before income taxes	$ 21,381	$ 15,612	$ (29,530)	$ 44,918
Combined statutory federal and provincial income tax rate	26.50%	26.50%	26.50%	26.50%
Expected income tax expense (recovery)	5,666	4,137	(7,825)	11,903
Non-taxable losses (gains) on investments	372	(5,286)	1,111	(11,288)
Non-taxable losses (gains) on derivative financial instruments	115	(2,136)	693	(311)
Foreign tax rate differential	(3,016)	(37)	(2,758)	(144)
Other, including permanent differences[1]	903	6,578	2,413	8,339
Income tax expense (recovery)	**$ 4,040**	**$ 3,256**	**$ (6,366)**	**$ 8,499**

(1) Other permanent differences are comprised of non-deductible share compensation, non-deductible debentures discount amortization and non-deductible transaction costs in relation to the acquisition of Starlight U.S. Multi-Family (No. 5) Core Fund.

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

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Deferred income tax assets		
Deferred income tax assets to be recovered after more than 12 months	$ 104,199	$ 41,049
Deferred income tax assets to be recovered within 12 months	899	3,700
Total deferred income tax assets	**$ 105,098**	**$ 44,749**
Deferred income tax liabilities		
Deferred income tax liabilities reversing after more than 12 months	$ 254,984	$ 98,360
Deferred income tax liabilities reversing within 12 months	228	224
Total deferred income tax liabilities	**$ 255,212**	**$ 98,584**
Net deferred income tax liabilities	**$ 150,114**	**$ 53,835**

The movement of the deferred income tax accounts was as follows:

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Change in net deferred income tax liabilities		
Net deferred income tax liabilities, beginning of period	$ 53,835	$ 45,091
Initial recognition on Deemed Acquisition (Note 5)	196,853	–
Reversal of deferred income tax liabilities	(94,714)	–
(Recovery) charge to the statement of comprehensive income	(6,142)	9,469
Other	282	(725)
Net deferred income tax liabilities, end of period	**$ 150,114**	**$ 53,835**

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

(in thousands of U.S. dollars)	Investments	Long-term incentive plan accrual	Issuance costs	Net operating losses	Other	Total
Deferred income tax assets						
At December 31, 2019	$ –	$ 6,456	$ 1,068	$ 31,800	$ 5,425	$ 44,749
Addition/(reversal)(1)	6,811	(799)	360	56,565	(2,588)	60,349
At June 30, 2020	**$ 6,811**	**$ 5,657**	**$ 1,428**	**$ 88,365**	**$ 2,837**	**$ 105,098**

(in thousands of U.S. dollars)	Investments	Rental properties	Convertible debentures	Deferred placement fees	Other	Total
Deferred income tax liabilities						
At December 31, 2019	$ 97,338	$ –	$ 187	$ 1,059	$ –	$ 98,584
(Reversal)/addition(1)	(97,338)	254,193	(118)	(109)	–	156,628
At June 30, 2020	**$ –**	**$ 254,193**	**$ 69**	**$ 950**	**$ –**	**$ 255,212**

(1) Includes $40,000 and $142,139 of deferred income tax assets and deferred income tax liabilities, respectively, recognized as part of the business combinations (Note 5).

The Company believes it will have sufficient future income to realize the deferred income tax assets.

14. REVENUES

The Company has two revenue streams: revenue from rental properties and revenue from private funds and advisory services. The components of each revenue stream are described as follows:

(in thousands of U.S. dollars)	2020			2019
For the three months ended June 30	Single-Family Rental	Multi-Family Rental	Total	Total
Base rent	$ 75,651	$ 23,164	$ 98,815	$ –
Other revenue[1]	3,063	3,380	6,443	–
Non-lease component	12,466	1,188	13,654	–
Total revenue from rental properties	**$ 91,180**	**$ 27,732**	**$ 118,912**	**$ –**
Asset management fees			$ 2,285	$ 3,892
Performance fees			131	1,698
Development fees			4,692	3,777
Property management fees			220	–
Total revenue from private funds and advisory services			**$ 7,328**	**$ 9,367**

(1) Other revenue includes revenue earned on ancillary services and amenities as well as lease administrative fees.

(in thousands of U.S. dollars)	2020			2019
For the six months ended June 30	Single-Family Rental	Multi-Family Rental	Total	Total
Base rent	$ 147,350	$ 46,598	$ 193,948	$ –
Other revenue[1],[2]	6,660	6,866	13,526	–
Non-lease component	24,841	2,769	27,610	–
Total revenue from rental properties	**$ 178,851**	**$ 56,233**	**$ 235,084**	**$ –**
Asset management fees			$ 4,819	$ 7,921
Performance fees			445	1,901
Development fees			8,614	7,034
Property management fees			466	–
Total revenue from private funds and advisory services			**$ 14,344**	**$ 16,856**

(1) Other revenue includes revenue earned on ancillary services and amenities as well as lease administrative fees.
(2) Certain revenue items reported in the first quarter of 2020 have been reclassified to operating expenses as a reduction in costs to conform with the current period presentation. The change amounts to $62, and it represents reclassifying certain resident recoveries from the revenue line to turn expense as a reduction in the operating expense. This presentation alignment did not result in any changes to the net operating income.

15. AMOUNTS RECEIVABLE

Amounts receivable consist of rent receivables, trade receivables, income tax recoverable and other receivables.

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Rent receivables	$ 2,838	$ –
Trade receivables	5,164	3,057
Income tax recoverable	645	152
Other receivables[1]	9,104	5,743
Total amounts receivable	**$ 17,751**	**$ 8,952**

(1) Other receivables are comprised of amounts due from affiliates and various amounts recoverable from third parties.

The Company has $2,838 of rent receivables from residents as at June 30, 2020 under the relevant lease arrangements. As a result of the current COVID-19 pandemic and the resulting economic uncertainty, certain residents may experience financial difficulty which may impact their ability to continue to pay rent due and in the future.

16. DEBT

The following table presents a summary of the Company's outstanding debt as at June 30, 2020:

	June 30, 2020						
(in thousands of U.S. dollars)	Maturity dates	Coupon/stated interest rates	Interest rate cap or floor	Effective interest rates	Extension options(1)	Total facility	Outstanding balance
JV-1 warehouse credit facility	October 2020	LIBOR+2.15%	3.25% LIBOR cap	3.13%	One-year	$ 300,000	$ 299,992
Term loan 2(2)	October 2020	LIBOR+1.95%	2.50% LIBOR cap	2.93%	One-year X2	96,077	96,077
Warehouse credit facility	November 2020	LIBOR+2.75%	3.00% LIBOR cap	3.73%	One-year	50,000	28,740
JV-1 subscription facility	August 2021	LIBOR+1.75%	N/A	2.73%	N/A	192,000	181,100
Securitization debt 2016-1(2)	November 2021	3.59%	N/A	3.59%	N/A	354,451	354,451
Securitization debt 2017-1(2)	September 2022	3.50%	N/A	3.50%	N/A	460,344	460,344
Term loan(2)	October 2022	LIBOR+2.00%	2.50% LIBOR cap 0.50% LIBOR floor	2.98%	N/A	375,000	375,000
Securitization debt 2017-2(2)	January 2024	3.58%	N/A	3.58%	N/A	364,063	364,063
Securitization debt 2018-1(2)	May 2025	3.86%	N/A	3.86%	N/A	313,394	313,394
JV-1 securitization debt 2019-1(2)	March 2026	3.12%	N/A	3.12%	N/A	333,358	333,358
Single-family rental properties borrowings				**3.34%**		**2,838,687**	**2,806,519**
U.S. multi-family credit facility	December 2020	LIBOR+3.75%	N/A	4.73%	N/A	120,000	112,890
Mortgage tranche A(3)	November 2023	LIBOR+1.15%	5.35%	2.13%	N/A	160,090	160,090
Mortgage tranche B(3)	November 2024	3.92%	5.35%	3.92%	N/A	400,225	400,225
Mortgage tranche C(3)	November 2025	3.95%	5.35%	3.95%	N/A	240,135	240,135
Multi-family rental properties borrowings				**3.71%**		**920,450**	**913,340**
Vendor take-back (VTB) loan 2020	December 2020	6.00%	N/A	6.00%	N/A	10,314	10,314
Land loan(4)	July 2021	Prime+1.50%	3.95% floor	4.00%	N/A	20,546	20,546
Vendor take-back (VTB) loan 2021	August 2021	–	N/A	6.00%	N/A	23,805	23,805
Mortgage(4)	September 2022	3.67%	N/A	3.68%	N/A	11,850	11,850
Canadian development properties borrowings				**4.97%**		**66,515**	**66,515**
Corporate credit facility(5)	July 2022	LIBOR+3.75%	N/A	4.73%	N/A	500,000	329,500
Corporate office mortgages	November 2024	4.25%	N/A	4.30%	N/A	10,496	10,496
Corporate borrowings				**4.71%**		**510,496**	**339,996**
							$ 4,126,370
Transaction costs (net of amortization)							(8,307)
Debt discount (net of amortization)							(1,765)
Total debt				**3.57%**		**$ 4,336,148**	**$ 4,116,298**
Current portion of long-term debt(6)							**$ 130,376**
Long-term debt							**$ 3,985,922**
Fixed-rate debt				**3.67%**			**$ 2,522,435**
Floating-rate debt				**3.40%**			**$ 1,603,935**

(1) The Company has the ability to extend the maturity of the loans where an extension option exists.
(2) The term loans and securitization debt are secured, directly and indirectly, by approximately 17,600 single-family rental homes.
(3) The mortgages are secured by 23 multi-family properties owned by the Company.
(4) The land loan and mortgage are secured by the land under development at The James (Scrivener Square) and The Shops of Summerhill.
(5) The Company has provided a general security agreement creating a first priority security interest on the assets of the Company, excluding, among other things, single-family rental homes, multi-family rental properties and interests in for-sale housing. As part of the Facility, the Company has designated $15,000 to issue letters of credit as security against contingent obligations related to its Canadian multi-family developments. As at June 30, 2020, the letters of credit outstanding totalled $6,011 (C$8,191), and will expire on January 25, 2021.
(6) The current portion of long-term debt reflects the balance after all extensions have been exercised. The Company intends to exercise the extension options available on all loans.

	December 31, 2019						
(in thousands of U.S. dollars)	Maturity dates	Coupon/stated interest rates	Interest rate cap or floor	Effective interest rates	Extension options	Total facility	Outstanding balance
Corporate credit facility	July 2022	LIBOR+3.75%	N/A	5.91%	N/A	$ 500,000	$ 297,000
Corporate office mortgages	November 2024	4.25%	N/A	4.30%	N/A	11,153	11,153
Total debt				**5.85%**		**$ 511,153**	**$ 308,153**
Current portion of debt							**$ 284**
Long-term debt							**$ 307,869**

On July 21, 2020, SFR JV-1 closed a new securitization transaction involving the issuance of pass-through certificates having a face amount of approximately $553,000, a weighted average coupon of 2.34% and a term to maturity of six years (see Note 34).

The Company was in compliance with the covenants and other undertakings outlined in all loan agreements.

The scheduled principal repayments and debt maturities are as follows:

(in thousands of U.S. dollars)	Single-family rental borrowings	Multi-family rental borrowings	Borrowings for rental properties under development	Corporate borrowings	Total
2020	$ –	$ 112,890	$ 10,533	$ 135	$ 123,558
2021	864,283	366	44,739	282	909,670
2022	931,604	4,396	11,243	329,794	1,277,037
2023	–	156,262	–	307	156,569
2024	363,880	403,760	–	9,478	777,118
2025 and thereafter	646,752	235,666	–	–	882,418
	2,806,519	913,340	66,515	339,996	4,126,370
Transaction costs (net of amortization)					(8,307)
Debt discount (net of amortization)					(1,765)
Total debt					**$ 4,116,298**

For the six months ended June 30, 2020, debt financing costs amortization and debt discount amortization were $1,607 and $223, respectively.

Fair value of debt

The table below presents the fair value of the fixed term loans as at June 30, 2020.

	June 30, 2020	
(in thousands of U.S. dollars)	Fair value	Carrying value
Securitization debt 2016-1	$ 359,442	$ 354,451
Securitization debt 2017-1	468,136	460,344
Securitization debt 2017-2	376,530	362,996
Securitization debt 2018-1	331,458	312,694
JV-1 securitization debt 2019-1	342,068	326,133
Mortgage tranche B	409,988	400,225
Mortgage tranche C	247,124	240,135
Vendor take-back (VTB) loan 2020	10,314	10,314
Vendor take-back (VTB) loan 2021	23,805	23,805
Mortgage	11,982	11,827
Corporate office mortgages	10,919	10,496
Total	**$ 2,591,766**	**$ 2,513,420**

The carrying value of variable term loans approximates fair value, considering their variable interest terms.

17. CONVERTIBLE DEBENTURES

The host liability component of the outstanding convertible debentures (the "2022 convertible debentures") recognized on the condensed interim consolidated balance sheets was calculated as follows:

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Principal amount outstanding	$ 172,400	$ 172,400
Less: Transaction costs (net of amortization)	(3,042)	(3,884)
Liability component on initial recognition	169,358	168,516
Debentures discount (net of amortization)	(5,736)	(7,205)
2022 convertible debentures	**$ 163,622**	**$ 161,311**

The above carrying values were recognized at amortized cost after discounting the future interest and principal payments using the effective interest rates. The fair value of the host liability component of the 2022 convertible debentures was $167,152 as of June 30, 2020 and $177,777 as of December 31, 2019. The difference between the amortized cost and implied fair value is a result of the difference between the effective interest rate and the market interest rate for debt with similar terms.

The assumed conversion of the 2022 convertible debentures was anti-dilutive (2019 – anti-dilutive) (Note 26); as a result, the shares issuable on conversion were excluded (2019 – excluded) in the weighted average diluted shares outstanding for the six months ended June 30, 2020.

18. DERIVATIVE FINANCIAL INSTRUMENTS

The conversion and redemption features of the convertible debentures are combined pursuant to IFRS 9, *Financial Instruments: Recognition and Measurement*, and are measured at fair value at each reporting period using model calibration. The conversion and redemption components were valued using a binomial pricing model and then the valued amount was calibrated to the traded price of the underlying debentures. The valuation model uses market-based inputs, including the spot price of the underlying equity, implied volatility of the equity and USD/CAD foreign exchange rates, risk-free rates from the U.S. dollar swap curves and dividend yields related to the equity. The valuation of the conversion and redemption components assumes that the debentures are held to maturity.

Quantitative information about fair value measurements (Level 2) using significant observable inputs other than quoted prices included in Level 1 is as follows:

2022 convertible debentures	June 30, 2020	December 31, 2019
Risk-free rate(1)	0.23%	1.70%
Implied volatility(2)	35.98%	20.78%
Dividend yield(3)	3.06%	2.63%

(1) Risk-free rates were from the U.S. dollar swap curves matching the terms to maturity of the debentures.
(2) Implied volatility was computed from the trading volatility of the Company's stock over a comparable term to maturity and the volatility of USD/CAD exchange rates.
(3) Dividend yields were from the forecast dividend yields matching the terms to maturity of the debentures.

For the six months ended June 30, 2020, the fair value of the embedded derivative payable on the 2022 convertible debentures increased by $1,574. The increase in the value of the conversion option on the 2022 convertible debentures, which is reflected as an expense to the Company, was primarily driven by an increase in implied volatility and a decrease in the fair value of the host liability component of the 2022 convertible debentures.

Derivative financial instruments also consist of interest rate caps on the Company's floating-rate debt and are classified and measured at FVTPL in accordance with IFRS 9. Interest rate caps are valued using model calibration. Inputs to the valuation model are determined from observable market data wherever possible, including market volatility and interest rates. The values attributed to the derivative financial instruments are shown below:

(in thousands of U.S. dollars)	Conversion/ redemption options	Interest rate caps(1)	Total
For the six months ended June 30, 2020			
Derivative financial instruments, beginning of period	$ 657	$ (28)	$ 629
Fair value changes (based on market price)	1,574	(19)	1,555
Derivative financial instruments, end of period	**$ 2,231**	**$ (47)**	**$ 2,184**

(1) Initial balance was recognized as part of the Deemed Acquisition of the single-family rental business (Note 5).

(in thousands of U.S. dollars)	Derivative financial instruments
For the year ended December 31, 2019	
Derivative financial instruments – beginning of year	$ 3,936
Fair value changes (based on market price)	(3,279)
Derivative financial instruments – end of year	**$ 657**

For the six months ended June 30, 2020, the Company recognized a $1,555 change in fair value of derivative financial instruments and a $1,039 change in the fair value of the put liability, totalling $2,594. The put liability was redeemed on March 4, 2020 in connection with the Company's acquisition and cancellation of 1,867,675 outstanding common shares (see Note 25).

19. INTEREST EXPENSE

Interest expense is comprised of the following:

	For the three months ended June 30		For the six months ended June 30	
(in thousands of U.S. dollars)	2020	2019	2020	2019
JV-1 warehouse credit facility	$ 2,061	$ –	$ 4,688	$ –
Term loan 2	658	–	1,559	–
Warehouse credit facility	320	–	733	–
JV-1 subscription facility	1,069	–	2,739	–
Securitization debt 2016-1	3,324	–	6,661	–
Securitization debt 2017-1	4,159	–	8,318	–
Term loan	2,561	–	6,052	–
Securitization debt 2017-2	3,407	–	6,709	–
Securitization debt 2018-1	3,120	–	6,242	–
JV-1 securitization debt 2019-1	2,597	–	5,193	–
Single-family rental interest expense	**23,276**	**–**	**48,894**	**–**
U.S. multi-family credit facility	1,229	–	2,787	–
Mortgage tranche A	667	–	1,799	–
Mortgage tranche B	3,966	–	7,932	–
Mortgage tranche C	2,398	–	4,796	–
Multi-family rental interest expense	**8,260**	**–**	**17,314**	**–**
Mortgage	28	–	56	–
Vendor take-back (VTB) loan 2020	7	–	7	–
Canadian development properties interest expense(1)	**35**	**–**	**63**	**–**
Corporate credit facility	3,925	4,056	8,466	7,797
Corporate office mortgages	108	79	221	157
Corporate interest expense	**4,033**	**4,135**	**8,687**	**7,954**
Amortization of financing costs	1,234	410	2,449	804
Amortization of debt and debentures discount	864	683	1,692	1,330
Debentures interest	2,464	2,465	4,929	4,917
Interest on lease obligation	84	15	165	33
Total interest expense	**$ 40,250**	**$ 7,708**	**$ 84,193**	**$ 15,038**

(1) Canadian development properties capitalized $205 and $317 of interest for the three and six months ended June 30, 2020, respectively.

20. EXPENSES

The Company's expenses are comprised of direct operating expense for rental properties, property management overhead, compensation, general and administration, interest and depreciation and amortization. Direct operating expense for rental properties includes all attributable expenses incurred at the property level. Property management overhead expenses are incurred in running the Company's property management platform headquartered in Orange County, California, and include all direct expenses associated with managing rental properties, acquisitions and dispositions activities and other service activities.

The following table lists details of the direct operating expenses for rental properties by type.

	For the three months ended June 30, 2020			For the six months ended June 30, 2020		
(in thousands of U.S. dollars)	Single-family rental	Multi-family rental	Total	Single-family rental	Multi-family rental	Total
Property taxes	$ 13,726	$ 4,857	$ 18,583	$ 27,692	$ 9,659	$ 37,351
Repairs, maintenance and turnover[1]	5,984	944	6,928	11,708	2,034	13,742
Property management expenses	6,314	2,985	9,299	12,534	5,950	18,484
Property insurance	1,317	613	1,930	2,612	1,227	3,839
Homeowners' association (HOA) costs	1,232	24	1,256	2,413	24	2,437
Other direct expense[2]	1,359	2,557	3,916	2,624	5,148	7,772
Direct operating expenses	**$ 29,932**	**$ 11,980**	**$ 41,912**	**$ 59,583**	**$ 24,042**	**$ 83,625**

(1) Certain revenue items reported in the first quarter of 2020 have been reclassified to operating expenses as a reduction in costs to conform with the current period presentation. The change amounts to $62, and it represents reclassifying certain resident recoveries from the revenue line to turn expense as a reduction in the operating expense. This presentation alignment did not result in any changes to the net operating income.

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

The following table provides details of direct expenses incurred at the property management platform by nature.

(in thousands of U.S. dollars)	For the three months ended June 30, 2020	For the six months ended June 30, 2020
Salaries and benefits[1]	$ 3,429	$ 6,646
General and administration expense[2]	1,451	3,654
Travel and entertainment	148	762
Marketing	176	514
Other expense	84	178
Property management overhead	**$ 5,288**	**$ 11,754**

(1) Salaries and benefits incurred at the property management platform are net of property management salaries and benefits of $6,314 and $12,534 for the three and six months ended June 30, 2020, respectively. Property management salaries and benefits are allocated to direct operating expenses.

(2) General and administration expense incurred at the property management platform includes professional fees, insurance and other miscellaneous office expenses.

21. INTANGIBLE ASSETS

The intangible assets are as follows:

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Placement fees	$ 4,255	$ 4,747
Customer relationship intangible	3,473	3,731
Contractual development fees	6,605	7,918
Total intangible assets	**$ 14,333**	**$ 16,396**

Intangible assets represent future management fees, development fees and commissions that Tricon expects to receive over the life of the assets and Investment Vehicles that the Company manages. They are amortized over the estimated periods that the Company expects to collect these fees, which range from 2 to 13 years. Amortization expense for the six months ended June 30, 2020 was $2,063 (2019 – $2,177).

In light of the COVID-19 outbreak and the related market and economic uncertainty, the Company recognized a significant fair value write-down with respect to its for-sale housing investments in the first quarter of 2020 (Note 9). As a result, management has also assessed whether the write-down impacted the carrying value of the intangible assets recognized as part of the acquisition of The Johnson Company LP ("Johnson") in 2014. Specifically, contractual development fees and customer relationship intangibles were initially recognized through the purchase price allocation performed in 2014. Management has assessed the potential impact on the underlying business at Johnson and its existing contracts with developers in determining if an impairment exists on intangibles as at June 30, 2020. Management has concluded there was no impairment of the intangibles but will continue to monitor the situation closely.

22. OTHER ASSETS

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Building	$ 28,437	$ 24,987
Furniture, computer and office equipment	7,230	4,272
Right-of-use assets (Note 23)	5,741	987
Leasehold improvements	1,776	431
Property-related systems software (Yardi)	1,003	–
Vehicles	397	–
Total other assets	**$ 44,584**	**$ 30,677**

For the six months ended June 30, 2020	Opening	Initial recognition for business combinations (Note 5)	Additions	Depreciation expense	Translation adjustment	Ending
Building	$ 24,987	$ –	$ 4,953	$ (264)	$ (1,239)	$ 28,437
Furniture, computer and office equipment	4,272	2,795	1,368	(1,007)	(198)	7,230
Right-of-use assets[(1)]	987	5,379	565	(1,190)	–	5,741
Leasehold improvements	431	1,141	501	(297)	–	1,776
Property-related systems software (Yardi)	–	1,604	51	(654)	2	1,003
Vehicles	–	475	5	(83)	–	397
Other assets	**$ 30,677**	**$ 11,394**	**$ 7,443**	**$ (3,495)**	**$ (1,435)**	**$ 44,584**

For the year ended December 31, 2019	Opening	Additions	Depreciation expense	Translation adjustment	Ending
Building	$ 15,540	$ 9,002	$ (527)	$ 972	$ 24,987
Furniture, computer and office equipment	4,247	1,010	(1,183)	198	4,272
Right-of-use assets[(1)]	1,140	5	(158)	–	987
Leasehold improvements	499	–	(68)	–	431
Other assets	**$ 21,426**	**$ 10,017**	**$ (1,936)**	**$ 1,170**	**$ 30,677**

(1) Right-of-use assets include leased space in office buildings with a carrying value of $3,276 (December 31, 2019 – $987) and maintenance vehicles with a carrying value of $2,287 (December 31, 2019 – nil). The remaining balance of right-of-use assets relates to office equipment.

Depreciation expense for the six months ended June 30, 2020 was $3,495 (2019 – $927).

23. OTHER LIABILITIES

Other liabilities consist of the non-current portion of lease obligations and a put liability, as follows:

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Put liability[1]	$ –	$ 13,375
Other liabilities[2]	1,774	–
Non-current portion of lease obligations[3]	4,102	954
Total other liabilities	**$ 5,876**	**$ 14,329**

(1) The put liability was redeemed in full on March 4, 2020 in connection with the Company's acquisition and cancellation of 1,867,675 common shares (Note 25).

(2) Other liability of $1,774 represents a loan received by The Johnson Companies ("Johnson") in the second quarter of 2020 through the U.S. Treasury Department's Paycheck Protection Program. This loan is designed to provide a direct incentive for small businesses to keep their workers on the payroll during the economic downturn caused by COVID-19. The loan will be forgivable when Johnson meets all employee retention criteria during the funding period. As of June 30, 2020, the loan qualification criteria were not finalized by the government, and therefore, the loan proceeds were recorded as other liability. Once the criteria are finalized and Johnson's qualification is confirmed, the loan is expected to be forgivable.

(3) The current portion of lease obligations is presented in amounts payable and accrued liabilities (Note 11).

The Company has multiple office leases, maintenance vehicle leases and office equipment leases. Tricon has 16 leases for office space with fixed lease terms ranging from 1 to 5 years. The Company's property management office, located in Orange County, California, leases 108 maintenance vehicles under five-year leases in connection with its property management operations. The Company has not entered into any lease modification arrangements with its landlords as a result of the pandemic.

The carrying value of the Company's lease obligations is as follows:

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Balance, beginning of period	$ 1,089	$ 1,204
Initial recognition on Deemed Acquisition (Note 5)	5,435	–
Addition of lease obligation	565	–
Interest expense	165	65
Cash payments	(1,205)	(180)
Balance, end of period	**$ 6,049**	**$ 1,089**
Current portion of lease obligations (Note 11)	$ 1,947	$ 135
Non-current portion of lease obligations	$ 4,102	$ 954

As at June 30, 2020, the carrying value of the Company's lease obligations was $6,049 (December 31, 2019 – $1,089) and the carrying value of the right-of-use asset was $5,741. During the six months ended June 30, 2020, the Company incurred depreciation expense of $1,190 (2019 – $74) on the right-of-use asset.

The present value of the minimum lease payments required for the leases over the next five years and thereafter is as follows:

(in thousands of U.S. dollars)	
2020	$ 1,187
2021	1,907
2022	1,629
2023	985
2024	808
2025 and thereafter	317
Minimum lease payments obligation	6,833
Imputed interest included in minimum lease payments	(784)
Lease obligations	**$ 6,049**

The current portion of lease obligations is included in amounts payable and accrued liabilities, and the non-current portion of lease obligations is classified as other liabilities.

24. DIVIDENDS

(in thousands of dollars, except per share amounts)			Common shares	Dividend amount per share		Total dividend amount		Dividend reinvestment plan ("DRIP")	
Date of declaration	Record date	Payment date	outstanding	CAD	USD(1)	CAD	USD(1)	CAD	USD(2)
February 24, 2020	March 31, 2020	April 15, 2020	192,772,071	$ 0.070	$ 0.049	$ 13,494	$ 9,512	$ 512	$ 369
May 14, 2020	June 30, 2020	July 15, 2020	192,848,390	0.070	0.051	13,499	9,906	1,773	1,302
						$ 26,993	**$ 19,418**	**$ 2,285**	**$ 1,671**
February 25, 2019	March 31, 2019	April 15, 2019	143,442,251	$ 0.070	$ 0.052	$ 10,041	$ 7,514	$ 1,159	$ 870
May 6, 2019	June 30, 2019	July 15, 2019	194,389,386	0.070	0.053	13,607	10,398	1,097	842
August 6, 2019	September 30, 2019	October 15, 2019	194,044,544	0.070	0.053	13,583	10,257	1,517	1,148
November 4, 2019	December 31, 2019	January 15, 2020	194,328,744	0.070	0.054	13,603	10,474	1,581	1,212
						$ 50,834	**$ 38,643**	**$ 5,354**	**$ 4,072**

(1) Dividends are issued and paid in Canadian dollars. For reporting purposes, amounts recorded in equity are translated to U.S. dollars using the daily exchange rate on the date of record. Dividends payable of $9,906 recorded on the Company's balance sheet are translated to U.S. dollars using the period-end exchange rate and include $16 related to restricted shares.

(2) Dividends reinvested are translated to U.S. dollars using the daily exchange rate on the date common shares are issued.

The Company has a Dividend Reinvestment Plan ("DRIP") under which eligible shareholders may elect to have their cash dividends automatically reinvested into additional common shares. These additional shares are issued from treasury (or purchased in the open market) at a discount, in the case of treasury issuances, of up to 5% of the Average Market Price, as defined under the DRIP, of the common shares as of the dividend payment date. If common shares are purchased in the open market, they are priced at the average weighted cost to the Company of the shares purchased.

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

For the six months ended June 30, 2020, 215,329 common shares were issued under the DRIP (2019 – 236,323) for a total amount of $1,581 (2019 – $1,803).

25. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. The common shares of the Company do not have par value.

As of June 30, 2020, there were 192,848,390 common shares issued by the Company (December 31, 2019 – 194,328,744), of which 192,535,943 were outstanding (December 31, 2019 – 194,021,133) and 312,447 were reserved to settle restricted share awards in accordance with the Company's Restricted Share Plan (December 31, 2019 – 307,611) (Note 27).

	For the six months ended June 30, 2020			For the year ended December 31, 2019		
	Number of shares issued	Share capital		Number of shares issued	Share capital	
(in thousands of dollars)	(repurchased)	USD	CAD	(repurchased)	USD	CAD
Beginning balance	194,021,133	$ 1,201,061	$ 1,529,568	143,011,130	$ 793,521	$ 988,711
Shares issued to acquire Starlight U.S. Multi-Family (No. 5) Core Fund	–	–	–	50,779,311	405,491	537,967
Shares repurchased under put rights on common shares issued to acquire Starlight U.S. Multi-Family (No. 5) Core Fund[1]	(1,867,675)	(14,922)	(19,797)	–	–	–
Shares issued under DRIP[2]	215,329	1,581	2,093	491,716	3,793	5,046
Stock options exercised[3]	144,728	499	671	73,263	258	340
Normal course issuer bid (NCIB)	–	–	–	(495,402)	(3,067)	(3,906)
Deferred share units exercised[4]	27,264	176	233	223,328	1,555	2,056
Debentures conversion	–	–	–	9,560	100	135
Shares repurchased and reserved for restricted share awards[5]	(4,836)	(32)	(43)	(71,773)	(590)	(781)
Ending balance	**192,535,943**	**$ 1,188,363**	**$ 1,512,725**	**194,021,133**	**$ 1,201,061**	**$ 1,529,568**

(1) On March 4, 2020, the Company repurchased 1,867,675 common shares as a result of holders exercising their put rights in connection with certain shares issued on June 11, 2019 in consideration for the acquisition of Starlight U.S. Multi-Family (No. 5) Core Fund. 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.

(2) In the first six months of 2020, 215,329 common shares were issued under the DRIP at an average price of $7.34 (C$9.72) per share.

(3) In the first six months of 2020, 424,466 vested stock options were exercised and settled by issuing 144,728 common shares.

(4) In the first six months of 2020, 27,264 common shares were issued for deferred share units (DSUs) redeemed at an average price of $6.46 (C$8.55) per share.

(5) In the first six months of 2020, 4,836 shares were reserved at $6.62 (C$8.89) per share in accordance with the DRIP with respect to restricted share awards granted to employees in prior years. The restricted shares will vest on the 12th anniversary of the grant date.

26. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing net income attributable to shareholders of Tricon by the sum of the weighted average number of shares outstanding and vested deferred share units during the period.

(in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Net income (loss)	$ 17,341	$ 12,356	$ (23,164)	$ 36,419
Non-controlling interest	294	424	801	571
Net income (loss) attributable to shareholders of Tricon	$ 17,047	$ 11,932	$ (23,965)	$ 35,848
Weighted average number of common shares outstanding	192,520,545	154,603,312	193,081,442	148,880,160
Adjustments for vested units	1,481,429	1,183,834	1,481,429	1,183,834
Weighted average number of common shares outstanding for basic earnings per share	194,001,974	155,787,146	194,562,871	150,063,994
Basic earnings (loss) per share	**$ 0.09**	**$ 0.08**	**$ (0.12)**	**$ 0.24**

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. The Company has four categories of potentially dilutive shares: stock options, restricted shares (Note 25), deferred share units (Note 27) and convertible debentures (Note 17). For the stock options, restricted shares and deferred share units, the number of dilutive shares is based on the number of shares that could have been acquired at fair value with the assumed proceeds, if any, from their exercise (determined using the average market price of the Company's shares for the period then ended). For the convertible debentures, the number of dilutive shares is based on the number of common shares into which the elected amount would then be convertible. The number of shares calculated as described above is comparable to the number of shares that would have been issued assuming the vesting of the stock compensation arrangement and conversion of debentures.

Stock options, restricted shares and deferred share units

For the three months ended June 30, 2020, the Company's stock compensation plans resulted in 1,194,152 dilutive share units (2019 – 1,858,091), given that it would be advantageous to the holders to exercise their conversion rights, as the exercise prices of these potential shares are below the Company's average market share price of $5.85 (C$8.10) for the period.

For the six months ended June 30, 2020, the Company's stock compensation plans were anti-dilutive given that the additional share units would result in a reduced loss per share. Therefore, the impact of the stock compensation plans was excluded in computing the diluted weighted average shares outstanding. For the six months ended June 30, 2019, the Company's stock compensation plans resulted in 1,872,863 dilutive share units.

Convertible debentures

For the three and six months ended June 30, 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 and six months ended June 30, 2020, the impact of the 2022 convertible debentures was excluded. In the comparative periods, the impact of the 2022 convertible debentures was included for the three months ended June 30, 2019 and excluded for the six months ended June 30, 2019.

(in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Net income (loss) attributable to shareholders of Tricon	$ 17,047	$ 11,932	$ (23,965)	$ 35,848
Adjustment for convertible debentures interest expense – net of tax	–	2,795	–	–
Net change in fair value of financial instruments through profit or loss	–	(7,489)	–	–
Adjusted net income (loss) attributable to shareholders of Tricon	$ 17,047	$ 7,238	$ (23,965)	$ 35,848
Weighted average number of common shares outstanding	194,001,974	155,787,146	194,562,871	150,063,994
Adjustments for stock compensation	1,194,152	1,858,091	–	1,872,863
Adjustments for convertible debentures	–	16,487,930	–	–
Weighted average number of common shares outstanding for diluted earnings per share	195,196,126	174,133,167	194,562,871	151,936,857
Diluted earnings (loss) per share	**$ 0.09**	**$ 0.04**	**$ (0.12)**	**$ 0.24**

27. COMPENSATION EXPENSE

The breakdown of compensation expense, including the annual incentive plan ("AIP") and long-term incentive plan ("LTIP") related to various compensation arrangements, is set out below. AIP awards include both short-term (cash and one-year DSUs) and long-term (three-year DSUs, stock options, restricted shares and PSUs) incentives.

	For the three months ended June 30		For the six months ended June 30	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Salaries and benefits	$ 5,155	$ 5,261	$ 10,270	$ 9,539
Annual incentive plan ("AIP")	4,073	3,433	6,749	7,444
Long-term incentive plan ("LTIP")	684	1,983	(9)	2,393
Total compensation expense	**$ 9,912**	**$ 10,677**	**$ 17,010**	**$ 19,376**

The changes to transactions of the various cash-settled and equity-settled arrangements during the period are detailed in the sections below.

Annual incentive plan

	For the three months ended June 30		For the six months ended June 30	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Cash component	$ 2,259	$ 2,400	$ 4,768	$ 5,042
Restricted shares and share units	1,113	1,072	2,216	2,142
Stock options	20	47	40	83
DRIP and revaluation (gain) loss(1)	681	(86)	(275)	177
Total AIP expense	**$ 4,073**	**$ 3,433**	**$ 6,749**	**$ 7,444**

(1) DRIP represents additional DSUs, PSUs and restricted shares granted at a fair value per outstanding unit equal to cash dividends paid per common share.

Cash component

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.

For the six months ended June 30, 2020, the Company recognized $4,768 in cash-based AIP expense, which was comprised of $3,965 relating to current-year entitlements that will be settled in cash in December 2020, and $803 relating to prior-year adjustments.

Restricted shares, share units and stock options

For the six months ended June 30, 2020, the Company recognized $2,256 in equity-based AIP expense (2019 – $2,225), of which $888 will be granted in performance share units (PSUs), deferred share units (DSUs), stock options and/or restricted shares in December 2020.

The remaining $1,368 relates to the amortization of PSUs, DSUs, stock options and restricted shares granted in prior years. In addition, PSUs are revalued at each reporting date as the total liability amount is dependent on the Company's share price.

Long-term incentive plan

	For the three months ended June 30		For the six months ended June 30	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Cash component	$ 502	$ 1,508	$ (2,154)	$ 1,451
Share units	73	272	215	528
Stock options	47	153	1,817	307
DRIP[1]	62	50	113	107
Total LTIP expense	**$ 684**	**$ 1,983**	**$ (9)**	**$ 2,393**

(1) DRIP represents additional DSUs granted at a fair value per unit equal to cash dividends paid per common share.

Cash component

A liability for cash-component LTIP awards is accrued based on expected performance fees that would be generated from the fair value of the assets within each Investment Vehicle but disbursed only when such performance fees are earned and recognized as revenue. Changes in LTIP are primarily caused by changes to fair values of investments in for-sale housing, which result from timing and cash flow changes at the project level of each Investment Vehicle, and changing business conditions.

For the six months ended June 30, 2020, the Company decreased its accrual related to cash-component LTIP by $2,154 (2019 – increase of $1,451) as a result of a decrease in expected future performance fees from Investment Vehicles that will be paid to management when cash is received from each investment over time.

Share units and stock options

For the six months ended June 30, 2020, the Company recorded $215 in LTIP expense (2019 – $528) relating to prior-year income from THP1 US (a for-sale housing investment) that is paid in DSUs vesting in equal tranches over a three-year period commencing on the anniversary date of each grant, pursuant to the LTIP as amended on May 6, 2019. LTIP DSU awards prior to this LTIP amendment date vested equally over a five-year period commencing on the anniversary of each grant. No LTIP expense was recognized relating to current-year entitlements for the six months ended June 30, 2020.

Compensation expense related to the stock options is recognized on a graded vesting basis. For the six months ended June 30, 2020, the Company recorded a stock option expense of $1,817 relating to prior-year entitlements.

Stock option plan

For the six months ended June 30, 2020, no stock options were granted (2019 – nil), 424,466 stock options were exercised (2019 – 2,750) (Note 25) and 1,108,334 stock options were cancelled and surrendered for cash (2019 – nil). For the six months ended June 30, 2020, the Company recorded a stock option expense of $1,857 (2019 – $390), comprised of $40 of AIP expense (2019 – $83) and $1,817 of LTIP expense (2019 – $307).

The following table summarizes the movement in the stock option plan during the specified periods:

	For the six months ended June 30, 2020		For the year ended December 31, 2019	
	Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
Opening balance – outstanding	4,572,010	$ 9.24	4,823,960	$ 9.18
Granted	–	–	–	–
Exercised	(424,466)	7.20	(215,450)	7.47
Cancelled	(1,108,334)	8.05	–	–
Forfeited	(135,000)	9.74	(36,500)	11.10
Ending balance – outstanding	**2,904,210**	**$ 9.97**	**4,572,010**	**$ 9.24**

		June 30, 2020		
Grant date	Expiration date	Options outstanding	Options exercisable	Exercise price of outstanding options (CAD)
August 3, 2010	August 3, 2020	42,000	42,000	$ 5.26
November 25, 2013	November 25, 2020	106,917	106,917	7.74
November 17, 2015	November 17, 2020	593,334	593,334	10.03
November 14, 2016	November 14, 2023	770,000	770,000	8.85
December 15, 2017	December 15, 2024	965,000	643,326	11.35
December 17, 2018	December 17, 2025	426,959	142,316	9.81
Total		**2,904,210**	**2,297,893**	**$ 9.97**

AIP liability is recorded within amounts payable and accrued liabilities, and the equity component is included in the contributed surplus. The breakdown is presented below.

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Amounts payable and accrued liabilities (Note 11)	$ 7,649	$ 2,742
Equity – contributed surplus	7,969	7,115
Total AIP	**$ 15,618**	**$ 9,857**

LTIP liability and equity components are presented on the balance sheet as follows:

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
LTIP – liability	$ 17,888	$ 21,409
Equity – contributed surplus	9,786	11,872
Total LTIP	**$ 27,674**	**$ 33,281**

28. SEGMENTED INFORMATION

In accordance with IFRS 8, *Operating Segments* ("IFRS 8"), the Company discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. The Company evaluates segment performance based on the revenue and net income of each operating segment.

Tricon is comprised of four operating segments and five reportable segments. The Company's corporate office provides support functions, and therefore, it does not represent an operating segment but rather it is included as a reportable segment. The reportable segments are business units offering different products and services, and are managed separately due to their distinct natures although they are related and complementary.

These five reportable segments have been determined by the Company's chief operating decision-makers.

- **Single-Family Rental business** includes owning and operating single-family rental homes primarily within major cities in the U.S. Sun Belt.
- **Multi-Family Rental business** includes owning and operating garden-style multi-family rental properties primarily in the U.S. Sun Belt and condominium-quality rental apartments in downtown Toronto. The Selby, a Canadian multi-family rental property, is included within this segment; however, given that it is an equity-accounted investment, its operational results are presented as a single line within this segment.
- **Residential Development business** includes designing and developing premier multi-family rental properties in Toronto. Canadian development properties (The James and The Shops of Summerhill) and the Company's remaining equity-accounted Canadian multi-family development activities are included in this segment. The segment also includes Tricon's legacy investments in for-sale housing developments.
- **Private Funds and Advisory business** includes providing asset management, property management, and development management services. The Company's asset management services are provided to Investment Vehicles that own the single-family rental homes, multi-family rental properties and residential developments described above. The Company's property management function generates property management fees, construction management fees, and leasing commissions through its technology-enabled platform used to operate the Company's rental portfolio. In addition, Tricon also earns market-based development management fees from its residential developments in the U.S. and Canada.
- **Corporate activities** include providing support functions in the areas of accounting, treasury, credit management, information technology, legal, and human resources. Certain corporate costs such as directly identifiable compensation expense incurred on behalf of the Company's operating segments are allocated to each operating segment.

The financial reporting changes to the Company's basis of preparation, effective January 1, 2020 and as outlined in Note 2, have been applied on a prospective basis in accordance with the relevant guidance of IFRS 10 and, as such, the presentation of comparative periods reflects Investment Entity Accounting as previously reported.

Inter-segment revenues adjustments

Inter-segment revenues are determined under terms that approximate market value. For the six months ended June 30, 2020, the adjustment to external revenues when determining segmented revenues consists of property management revenues earned from consolidated entities totalling $21,414 and asset management revenues earned from consolidated entities totalling $1,593, which were eliminated on consolidation to arrive at the Company's consolidated revenues in accordance with IFRS.

(in thousands of U.S. dollars)

For the three months ended June 30, 2020	Single-Family Rental(1)	Multi-Family Rental(1)	Residential Development(1)	Private Funds and Advisory(1)	Corporate(1)	Consolidated results
Revenue from rental properties	**$ 91,180**	**$ 27,732**	**$ –**	**$ –**	**$ –**	**$ 118,912**
Direct operating expenses	(29,932)	(11,980)	–	–	–	(41,912)
Net operating income from rental properties	61,248	15,752	–	–	–	77,000
Revenue from private funds and advisory services	**–**	**–**	**–**	**7,328**	**–**	**7,328**
Income from investments in Canadian multi-family developments	–	162	(7)	–	–	155
Income from investments in for-sale housing	–	–	3,155	–	–	3,155
Property management overhead	–	–	–	–	(5,288)	(5,288)
Compensation expense	–	–	–	(2,522)	(7,390)	(9,912)
General and administration expense	(1,877)	(606)	(116)	(285)	(2,791)	(5,675)
Interest expense	(24,194)	(8,260)	(36)	–	(7,760)	(40,250)
Other income (expenses)(2)	(9,330)	(963)	108	(760)	(4,491)	(15,436)
Fair value gain (loss) on rental properties	32,839	(22,535)	–	–	–	10,304
Income tax recovery (expense)	–	–	(176)	–	(3,864)	(4,040)
Net income (loss)	**$ 58,686**	**$ (16,450)**	**$ 2,928**	**$ 3,761**	**$ (31,584)**	**$ 17,341**

(1) Financial information for each segment is presented on a consolidated basis, after eliminating inter-segment transactions.

(2) Other income (expenses) include other income from Canadian development properties, net change in the fair value of derivative financial instruments and other liabilities, transaction costs, amortization and depreciation expense, realized and unrealized foreign exchange gain (loss) and net change in fair value of limited partners' interests.

(in thousands of U.S. dollars)

For the three months ended June 30, 2019	Single-Family Rental	Multi-Family Rental	Residential Development	Private Funds and Advisory	Corporate(1)	Consolidated results
Revenue from private funds and advisory services	**$ –**	**$ –**	**$ –**	**$ 9,367**	**$ –**	**$ 9,367**
Income from investments in for-sale housing	–	–	3,346	–	–	3,346
Compensation expense	–	–	–	–	(10,677)	(10,677)
General and administration expense	–	–	–	–	(3,217)	(3,217)
Interest expense	–	–	–	–	(7,708)	(7,708)
Investment income – Tricon American Homes	40,231	–	–	–	–	40,231
Investment income – Tricon Lifestyle Rentals	–	1,276	1,864	–	(639)	2,501
Other expenses(2)	–	–	–	–	(18,231)	(18,231)
Income tax expense	–	–	–	–	(3,256)	(3,256)
Net income	**$ 40,231**	**$ 1,276**	**$ 5,210**	**$ 9,367**	**$ (43,728)**	**$ 12,356**

(1) Investment income from Tricon Lifestyle Rentals assets held for sale is included in the *Corporate* column.

(2) Other expenses include net change in the fair value of derivative financial instruments and other liabilities, transaction costs, amortization and depreciation expense and realized and unrealized foreign exchange gain (loss).

(in thousands of U.S. dollars)

For the six months ended June 30, 2020	Single-Family Rental(1)	Multi-Family Rental(1)	Residential Development(1)	Private Funds and Advisory(1)	Corporate(1)	Consolidated results
Revenue from rental properties	**$ 178,851**	**$ 56,233**	**$ –**	**$ –**	**$ –**	**$ 235,084**
Direct operating expenses	(59,583)	(24,042)	–	–	–	(83,625)
Net operating income from rental properties	119,268	32,191	–	–	–	151,459
Revenue from private funds and advisory services	**–**	**–**	**–**	**14,344**	**–**	**14,344**
Income from investments in Canadian multi-family developments	–	217	5,090	–	–	5,307
Loss from investments in for-sale housing	–	–	(76,424)	–	–	(76,424)
Property management overhead	–	–	–	–	(11,754)	(11,754)
Compensation expense	–	–	–	(5,157)	(11,853)	(17,010)
General and administration expense	(4,273)	(1,019)	(116)	(510)	(5,926)	(11,844)
Interest expense	(50,724)	(17,314)	(65)	–	(16,090)	(84,193)
Other income (expenses)(2)	(14,744)	(1,408)	156	(1,585)	(12,775)	(30,356)
Fair value gain (loss) on rental properties	53,476	(22,535)	–	–	–	30,941
Income tax recovery (expense)	(62)	–	8,253	–	(1,825)	6,366
Net income (loss)	**$ 102,941**	**$ (9,868)**	**$ (63,106)**	**$ 7,092**	**$ (60,223)**	**$ (23,164)**

(1) Financial information for each segment is presented on a consolidated basis.
(2) Other income (expenses) include other income from Canadian development properties, net change in the fair value of derivative financial instruments and other liabilities, transaction costs, amortization and depreciation expense, realized and unrealized foreign exchange gain (loss) and net change in fair value of limited partners' interests.

(in thousands of U.S. dollars)

For the six months ended June 30, 2019	Single-Family Rental	Multi-Family Rental	Residential Development	Private Funds and Advisory	Corporate(1)	Consolidated results
Revenue from private funds and advisory services	**$ –**	**$ –**	**$ –**	**$ 16,856**	**$ –**	**$ 16,856**
Income from investments in for-sale housing	–	–	5,573	–	–	5,573
Compensation expense	–	–	–	–	(19,376)	(19,376)
General and administration expense	–	–	–	–	(6,008)	(6,008)
Interest expense	–	–	–	–	(15,038)	(15,038)
Investment income – Tricon American Homes	83,784	–	–	–	–	83,784
Investment income – Tricon Lifestyle Rentals	–	1,276	2,410	–	4,202	7,888
Other expenses(2)	–	–	–	–	(28,761)	(28,761)
Income tax expense	–	–	–	–	(8,499)	(8,499)
Net income	**$ 83,784**	**$ 1,276**	**$ 7,983**	**$ 16,856**	**$ (73,480)**	**$ 36,419**

(1) Investment income from Tricon Lifestyle Rentals assets held for sale is included in the *Corporate* column.
(2) Other expenses include net change in the fair value of derivative financial instruments and other liabilities, transaction costs, amortization and depreciation expense and realized and unrealized foreign exchange gain (loss).

29. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include subsidiaries, associates, joint ventures, key management personnel, the Board of Directors ("Directors"), immediate family members of key management personnel and Directors, and entities which are directly or indirectly controlled by, jointly controlled by or significantly influenced by key management personnel, Directors or their close family members.

In the normal course of operations, the Company executes transactions on market terms with related parties that have been measured at the exchange value and are recognized in the condensed interim consolidated financial statements, including, but not limited to: asset management fees, performance fees and incentive distributions; loans, interest and non-interest bearing deposits; purchase and sale agreements; capital commitments to Investment Vehicles; and development of residential real estate assets. Transactions and balances between consolidated entities are fully eliminated upon consolidation.

Transactions with related parties

The following table lists the related party balances included within the consolidated financial statements.

(in thousands of U.S. dollars)	For the three months ended June 30, 2020	For the six months ended June 30, 2020
Revenue from private funds and advisory services	$ 7,328	$ 14,344
Income from investments in Canadian multi-family developments	155	5,307
Income (loss) from investments in for-sale housing	3,155	(76,424)
Other income from Canadian development properties	108	156
Net income (loss) recognized from related parties	**$ 10,746**	**$ (56,617)**

Balances arising from transactions with related parties

The items set out below are included on various line items in the Company's consolidated financial statements.

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Receivables from related parties included in amounts receivable		
Contractual fees and other receivables from investments managed	$ 7,701	$ 5,404
Employee relocation housing loans(1)	1,966	2,065
Loan receivables from portfolio investments	14,267	16,757
Annual incentive plan(2)	15,618	9,857
Long-term incentive plan(2)	27,674	33,281
Dividends payable	377	399
Other payables to related parties included in amounts payable and accrued liabilities	609	161

(1) The employee relocation housing loans are non-interest bearing for a term of ten years, maturing between 2024 and 2028.

(2) Balances from compensation arrangements are due to employees deemed to be key management of the Company.

The receivables are unsecured and non-interest bearing. There are no provisions recorded against receivables from related parties at June 30, 2020 (December 31, 2019 – nil).

30. FINANCIAL RISK MANAGEMENT

The Company is exposed to the following risks as a result of holding financial instruments: market risk (i.e. interest rate risk, foreign currency risk and other price risk that may impact the fair value of financial instruments), credit risk and liquidity risk. The following is a description of these risks and how they are managed.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, foreign currency rates and changes in market prices due to other factors, such as changes in equity prices or credit spreads. The Company manages market risk from foreign currency assets and liabilities and the impact of changes in currency exchange rates and interest rates by funding assets with financial liabilities in the same currency and with similar interest rate characteristics, and by holding financial contracts such as interest rate derivatives to minimize residual exposures.

The sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rates and changes in foreign currency rates.

Financial instruments held by the Company that are subject to market risk include other financial assets, borrowings and derivative instruments such as interest rate cap contracts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair values and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in the net income from financial instruments whose cash flows are determined with reference to floating interest rates and changes in the value of financial instruments whose cash flows are fixed in nature.

The Company's assets largely consist of long-term interest-sensitive physical real estate assets. Accordingly, the Company's financial liabilities consist primarily of long-term fixed-rate debt or floating-rate debt that has been swapped with interest rate derivatives. These financial liabilities are recorded at their amortized cost. The Company also holds interest rate caps to limit its exposure to increases in interest rates on floating-rate debt that has not been swapped, and sometimes holds interest rate contracts to lock in fixed rates on anticipated future debt issuances and as an economic hedge against the changes in the value of long-term interest-sensitive physical real estate assets that have not been otherwise matched with fixed-rate debt. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. To limit its exposure to interest rate risk, the Company has a mixed portfolio of fixed-rate and variable-rate debt, with $2,522,435 in fixed-rate debt and $1,603,935 in variable-rate debt as at June 30, 2020. If interest rates had been 50 basis points higher or lower, with all other variables held constant, interest expense would have increased (decreased) by:

	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
(in thousands of U.S. dollars)	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
Interest expense	$ 3,621	$ (3,621)	$ 617	$ (617)

Foreign currency risk

Changes in foreign currency rates will impact the carrying value of financial instruments denominated in currencies other than the U.S. dollar, which is the functional and presentation currency of the Company. The Company has exposure to monetary and non-monetary foreign currency risk due to the effects of changes in foreign exchange rates related to consolidated Canadian subsidiaries, equity-accounted investments, and cash and debt in Canadian dollars held at the corporate level. The Company manages foreign currency risk by raising equity in Canadian dollars and by matching its principal cash outflows to the currency in which the principal cash inflows are denominated.

The impact of a 1% increase or decrease in the Canadian dollar exchange rate would result in the following impacts to assets and liabilities:

	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
(in thousands of U.S. dollars)	1% increase	1% decrease	1% increase	1% decrease
Assets				
Investments in Canadian multi-family developments	$ 798	$ (798)	$ 801	$ (801)
Investments in for-sale housing	13	(13)	71	(71)
Canadian development properties	1,001	(1,001)	–	–
	$ 1,812	**$ (1,812)**	**$ 872**	**$ (872)**
Liabilities				
Canadian debt	$ 766	$ (766)	$ 73	$ (73)
	$ 766	**$ (766)**	**$ 73**	**$ (73)**

Other price risk

Other price risk is the risk of variability in fair value due to movements in equity prices or other market prices such as commodity prices and credit spreads. The Company does not hold any financial instruments that are exposed to equity price risk including equity securities and equity derivatives.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Credit risk arises from the possibility that residents may experience financial difficulty and be unable to fulfill their lease commitments. A provision for doubtful accounts is taken for all anticipated collectability risks. The Company also manages credit risk by performing a prudent resident underwriting due diligence during the leasing process. The Company has no significant concentrations of credit risk and its exposure to credit risk arises through loans and receivables which are due primarily from controlled subsidiaries and associates.

Liquidity risk

The real estate industry is highly capital intensive. Liquidity risk is the risk that the Company may have difficulty in meeting obligations associated with its financial liabilities as they fall due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The Company's liquidity risk management includes maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities, as well as performing periodic cash flow forecasts to ensure the Company has sufficient cash to meet operational and financing costs. The Company's primary source of liquidity consists of cash and other financial assets, net of deposits and other associated liabilities, and undrawn available credit facilities. Cash flow generated from operating the rental property portfolio represents the primary source of liquidity used to service the interest on the property-level debt and fund direct property operating expenses, as well as reinvest in the portfolio through capital expenditures.

The Company is subject to the risks associated with debt financing, including the ability to refinance indebtedness at maturity. The Company believes these risks are mitigated through the use of long-term debt secured by high-quality assets, by maintaining certain debt levels that are set by management, and by staggering maturities over an extended period.

Despite the Company's prudent liquidity management, the recent outbreak of COVID-19 has introduced new challenges to the business environment which called for a necessary reassessment of its impact on the Company's cash flow, earnings, and balance sheet profile. Current lending markets are re-evaluating capital allocations, and this may affect new loan originations by reducing the availability of funds or increasing the cost of interest. To date, there has not been any indication that existing credit facilities are impacted by the COVID-19 pandemic. Management is preparing a number of cash flow forecast scenarios for short-term liquidity as well as preparing options and contingency plans against these various scenarios over a longer-term period. The current climate of economic uncertainty may potentially impact the significant estimates used in the cash flow re-forecast. Management will continue to monitor the situation and its impact on the Company.

The following tables present the contractual maturities of the Company's financial liabilities at June 30, 2020 and December 31, 2019:

(in thousands of U.S. dollars) As at June 30, 2020	Due on demand and within the year	From 1 to 2 years	From 3 to 4 years	From 5 years and later	Total
Liabilities					
Debt[1]	$ 123,558	$ 2,186,707	$ 933,687	$ 882,418	$ 4,126,370
Other liabilities	–	3,970	1,602	304	5,876
Limited partners' interests	–	–	–	316,098	316,098
Convertible debentures	–	172,400	–	–	172,400
Derivative financial instruments[2]	–	2,231	–	–	2,231
Amounts payable and accrued liabilities	93,239	–	–	–	93,239
Resident security deposits	42,998	–	–	–	42,998
Dividends payable	9,906	–	–	–	9,906
Total	**$ 269,701**	**$ 2,365,308**	**$ 935,289**	**$ 1,198,820**	**$ 4,769,118**

(1) The contractual maturities reflect the maturity dates after all extensions have been exercised. The Company intends to exercise the extension options available on all loans.

(2) Includes the conversion and redemption options related to the 2022 convertible debentures (Note 18).

(in thousands of U.S. dollars) As at December 31, 2019	Due on demand and within the year	From 1 to 2 years	From 3 to 4 years	From 5 years and later	Total
Liabilities					
Debt	$ 284	$ 297,605	$ 10,264	$ –	$ 308,153
Other liabilities	13,375	311	374	269	14,329
Convertible debentures	–	172,400	–	–	172,400
Derivative financial instruments	–	657	–	–	657
Amounts payable and accrued liabilities	26,190	–	–	–	26,190
Dividends payable	10,474	–	–	–	10,474
Total	**$ 50,323**	**$ 470,973**	**$ 10,638**	**$ 269**	**$ 532,203**

The future repayments of principal and interest on financial liabilities are as follows:

(in thousands of U.S. dollars) As at June 30, 2020	Within the year	From 1 to 2 years	From 3 to 4 years	From 5 years and later	Total
Principal					
Debt[1],[2]	$ 123,558	$ 2,186,707	$ 933,687	$ 882,418	$ 4,126,370
Convertible debentures	–	172,400	–	–	172,400
Interest					
Debt[1]	68,337	213,512	112,595	27,250	421,694
Convertible debentures	4,957	14,869	–	–	19,826
Total	**$ 196,852**	**$ 2,587,488**	**$ 1,046,282**	**$ 909,668**	**$ 4,740,290**

(1) Certain mortgages' principal and interest repayments were translated to U.S. dollars at the period-end exchange rate.

(2) The contractual maturities reflect the maturity dates after all extensions have been exercised. The Company intends to exercise the extension options available on all loans.

The details of the net liabilities are shown below:

(in thousands of U.S. dollars)	June 30, 2020	December 31, 2019
Cash	$ 33,418	$ 8,908
Amounts receivable	17,751	8,952
Prepaid expenses and deposits	12,790	796
Current assets	**63,959**	**18,656**
Amounts payable and accrued liabilities	93,239	26,190
Resident security deposits	42,998	–
Dividends payable	9,906	10,474
Current portion of long-term debt	130,376	284
Current liabilities	**276,519**	**36,948**
Net current liabilities	**$ (212,560)**	**$ (18,292)**

During the six months ended June 30, 2020, the change in the Company's liquidity resulted in a working capital deficit of $212,560 (December 31, 2019 – deficit of $18,292). The working capital deficit is driven primarily by debt coming due in 2020, for which the Company is currently renegotiating extension terms. 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.

As of June 30, 2020, the outstanding amount under the corporate credit facility was $329,500 (December 31, 2019 – $297,000) and $170,500 of the corporate credit facility remained available to the Company. During the six months ended June 30, 2020, the Company received distributions of $58,757 (2019 – $74,151) from its investments.

31. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: (i) to safeguard its ability to meet financial obligations and growth objectives, including future acquisitions; (ii) to provide an appropriate return to its shareholders; and (iii) to maintain an optimal capital structure that allows multiple financing options, should a financing need arise. The Company's capital consists of debt (including credit facilities, term loans, mortgages, securitizations and convertible debentures), cash and shareholders' equity. In order to maintain or adjust the capital structure, the Company manages equity as capital and may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or subsidiary entity interests, repurchase and cancel shares or sell assets.

The Company discussed the potential effect of the current COVID-19 pandemic in relation to the Company's liquidity risk in Note 30. Management believes that understanding the alternative funding options that are available during times of volatility and how to access those are also a prudent part of capital management of the Company.

As of June 30, 2020, the Company was in compliance with all financial covenants in its debt facilities (Note 16).

32. WORKING CAPITAL CHANGES

(in thousands of U.S. dollars)

For the six months ended June 30	2020	2019
Amounts receivable	$ (8,799)	$ 3,658
Prepaid expenses and deposits	(11,994)	358
Resident security deposits	42,998	–
Amounts payable and accrued liabilities	67,049	21,922
Non-cash working capital items acquired on Deemed Acquisition (Note 5)	(88,218)	–
Non-cash working capital items acquired with Canadian development properties (Note 8)	(4,878)	–
	$ (3,842)	**$ 25,938**

33. FINANCING ACTIVITIES

			Non-cash changes				
(in thousands of U.S. dollars)	As at December 31, 2019	Cash flows	Foreign exchange movement	Fair value changes	Additions(1)	Other(2)	As at June 30, 2020
Corporate credit facility	$ 297,000	$ 32,500	$ –	$ –	$ –	$ –	$ 329,500
JV-1 warehouse credit facility	–	88,792	–	–	209,998	733	299,523
Term loan 2	–	–	–	–	96,077	–	96,077
Warehouse credit facility	–	(1,124)	–	–	29,864	–	28,740
JV-1 subscription facility	–	(4,900)	–	–	185,161	251	180,512
Securitization debt 2016-1	–	(3,027)	–	–	357,478	–	354,451
Securitization debt 2017-1	–	(957)	–	–	461,301	–	460,344
Term loan	–	–	–	–	375,000	–	375,000
Securitization debt 2017-2	–	(433)	–	–	363,357	72	362,996
Securitization debt 2018-1	–	(550)	–	–	313,093	151	312,694
JV-1 securitization debt 2019-1	–	–	–	–	325,511	622	326,133
U.S. multi-family credit facility	–	(3,000)	–	–	115,890	–	112,890
Mortgage tranche A	–	–	–	–	160,090	–	160,090
Mortgage tranche B	–	–	–	–	400,225	–	400,225
Mortgage tranche C	–	–	–	–	240,135	–	240,135
Vendor take-back (VTB) loan 2020	–	–	–	–	10,314	–	10,314
Land loan	–	–	(505)	–	21,051	–	20,546
Vendor take-back (VTB) loan 2021	–	–	–	–	23,805	–	23,805
Mortgage	–	(184)	(9)	–	12,019	1	11,827
2022 convertible debentures	161,311	–	–	–	–	2,311	163,622
Derivative financial instruments	657	–	–	1,555	(28)	–	2,184
Corporate office mortgages	11,153	(221)	(436)	–	–	–	10,496
Lease obligations	1,089	(1,205)	–	–	6,000	165	6,049
Limited partners' interests	–	15,559	–	14,765	285,774	–	316,098
Other liabilities	13,375	(13,148)	–	1,039	508	–	1,774
Total liabilities from financing activities	**$ 484,585**	**$ 108,102**	**$ (950)**	**$ 17,359**	**$ 3,992,623**	**$ 4,306**	**$ 4,606,025**

(1) Includes debt of $3,647,108, lease liability of $5,435 and derivative financial instruments of $28 recognized as part of the Deemed Acquisition (Note 5).

(2) Includes amortization of transaction costs and debt discount and interest on lease obligations.

34. SUBSEQUENT EVENTS

Company name change

As part of its transformation to a rental housing company, the Company changed its name from "Tricon Capital Group Inc." to "Tricon Residential Inc." on July 7, 2020, following shareholder approval of the name change at Tricon's annual and special meeting. The Company will continue to have its common shares trade on the TSX under the trading symbol ''TCN''.

SFR securitization transaction

On July 21, 2020, SFR JV-1 closed a new securitization transaction involving the issuance and sale of six classes of fixed-rate pass-through certificates with a face amount of approximately $553,000, a weighted average coupon of 2.34% and a term to maturity of six years. The transaction proceeds were used to refinance existing short-term SFR JV-1 debt and resulted in approximately $62,000 of net proceeds distributed to SFR JV-1 investors (including 34% to Tricon).

Quarterly dividend

On August 4, 2020, the Board of Directors of the Company declared a dividend of seven cents per share in Canadian dollars payable on or after October 15, 2020 to shareholders of record on September 30, 2020.

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