TRICON RESIDENTIAL

Management's Discussion and Analysis

for the Three and Nine Months Ended September 30, 2020

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NON-IFRS MEASURES AND FORWARD-LOOKING STATEMENTS

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

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

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

This MD&A includes forward-looking statements pertaining to: anticipated operational and financial performance; project plans, timelines and sales/rental expectations; projected development costs and development yields; estimated stabilized NOI from development and rental properties; expected performance fees; future cash flows; transaction timelines; anticipated demand for homebuilding and lots; the anticipated growth of the Company's rental businesses; the acquisition of build-to-rent projects; the intentions to attract third-party capital to the Company's businesses, including the syndication of its current investments; the Company's key priorities over the next three years and the manner in which they might be achieved; the intended internalization of property management of the Company's U.S. multi-family rental portfolio and any resulting synergies; expected future acquisitions, occupancy and turnover rates, and capital expenditure programs for single-family rental homes and U.S. multi-family rental apartments; expected stimulus loan forgiveness at Johnson; and the ongoing impact of the current COVID-19 pandemic. The assumptions underlying these forward-looking statements and a list of factors that may cause actual business performance to differ from current projections are discussed in the Company's Annual Information Form dated February 24, 2020 (the "AIF") and its 2019 annual MD&A (as supplemented by the Company's MD&A for the three months ended March 31, 2020 and its MD&A for the three and six months ended June 30, 2020), all of which are available on SEDAR at www.sedar.com. The impact of COVID-19 on the operations, business and financial results of the Company may cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements.

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. See the AIF and the continuous disclosure documents referenced in Section 8.7 for a more complete list of risks relating to an investment in the Company and an indication of the impact the materialization of such risks could have on the Company, and therefore cause actual results to deviate from the forward-looking statements.

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

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

Market and industry data

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

Other

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

INTRODUCTION

1

1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is dated as of November 9, 2020, the date it was approved by the Board of Directors of Tricon Residential Inc. ("Tricon", "us", "we" or the "Company"), formerly Tricon Capital Group Inc., and reflects all material events up to that date.

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

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

This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2020, which were prepared using International Financial Reporting Standards ("IFRS") accounting policies.

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

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

1.1 Vision and guiding principles

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

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

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

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

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

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

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

At Tricon, we have always sought to improve the lives of our employees, our residents, and those in our broader communities. We strive to make the world a better place through our guiding principles, which inspire us to go above and beyond and commit to excellence in everything we do.

Living our corporate purpose every day starts with our own employees. And at a time when the world seems so full of uncertainty, it is more important than ever that we feel comfortable that we can pay our bills, and save for retirement and unforeseen expenses. We recognize that our employees and their families can live with dignity when their lives are financially secure. Tricon's newly introduced "Living wage" program embodies these guiding principles (see Section 1.3).

We also know that true diversity improves corporate performance, drives growth, and enhances employee engagement. Accordingly, Tricon is also dedicated to the continuation of learning about our society's historic and current systemic prejudices. Recognizing important dates such as June 19th, which is Freedom Day in the U.S., and June 21st, which is National Indigenous People's Day in Canada, was the impetus for declaring June 19th as a paid holiday for all our employees to take the opportunity to learn more about these important issues (see Section 1.3). Only through education can we achieve a greater understanding of, and appreciation for, races, genders, and all groups that find themselves disadvantaged.

As another important, concrete step toward building more truly diverse and inclusive workplaces, Tricon has committed to promoting the BlackNorth Initiative in order to help eliminate persistent inequities across Canada that have resulted from anti-Black systemic racism (see Section 1.3).

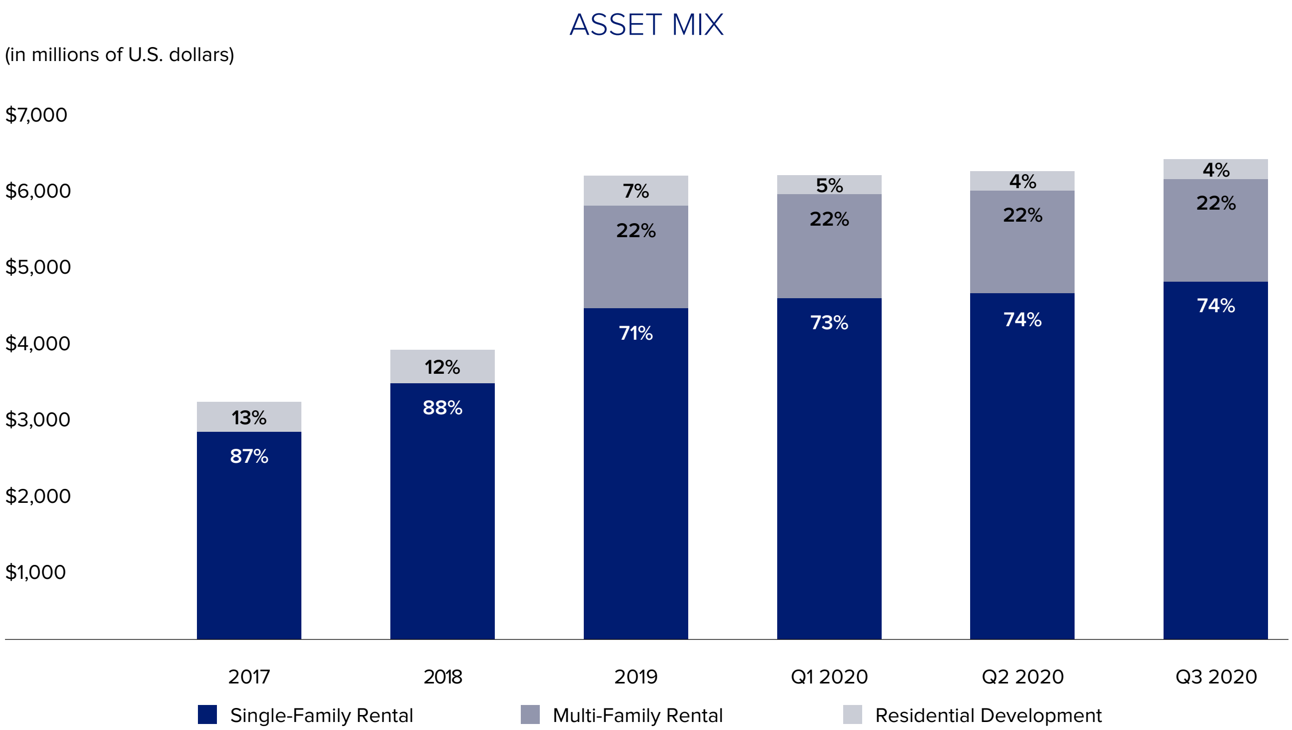
Tricon's activities are also guided by Environmental, Social and Governance ("ESG") factors, as outlined in our inaugural ESG roadmap, published in January 2020. This roadmap will guide the Company's ESG initiatives over the next three years and will provide a framework for robust data collection and reporting on Tricon's ongoing progress and performance (see Section 1.3).

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

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

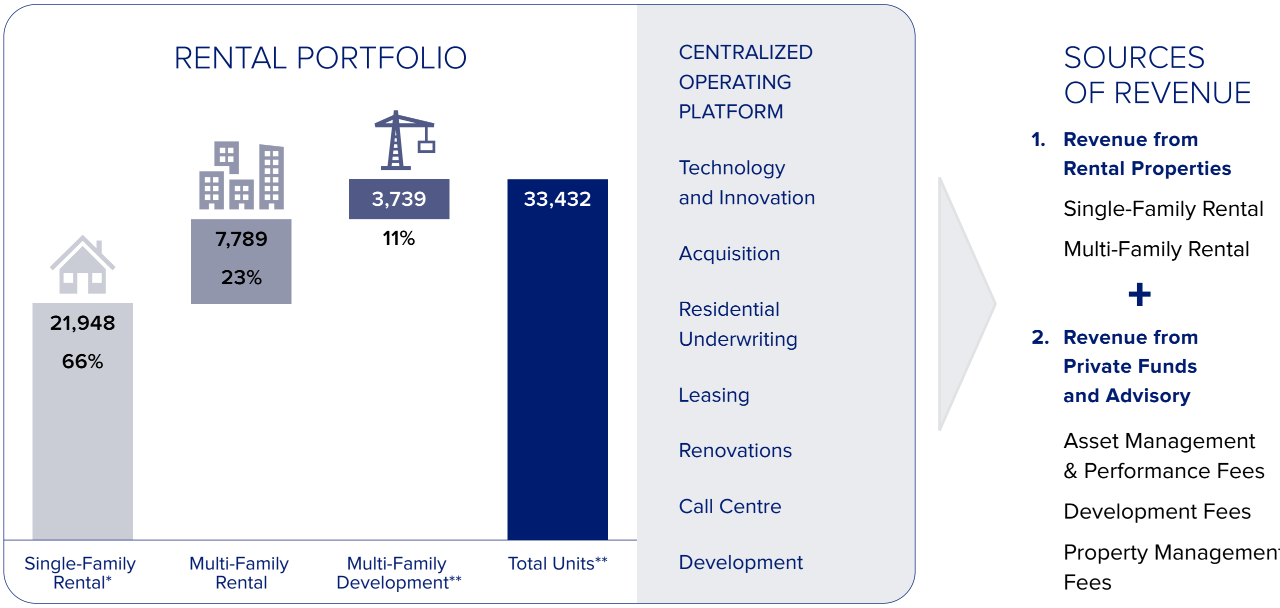
1.2 Business objectives and strategy

Tricon is a residential real estate company primarily focused on owning and operating rental housing in the United States and Canada. Since the Company's initial public offering in 2010, Tricon has evolved from an asset manager focused on investing in "for-sale" housing development to a growth-oriented rental housing company with a comprehensive technology-enabled operating platform. Tricon currently owns and operates approximately 30,000 single-family rental homes and multi-family rental units in 21 markets across the United States and Canada. As at September 30, 2020, 96% of the Company's real estate assets are stabilized rental housing assets, and the remaining 4% are invested in residential development projects.



(Based on the fair value of single-family homes, multi-family properties, investments in Canadian multi-family developments, Canadian development properties (net of debt) and investments in for-sale housing.)

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



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

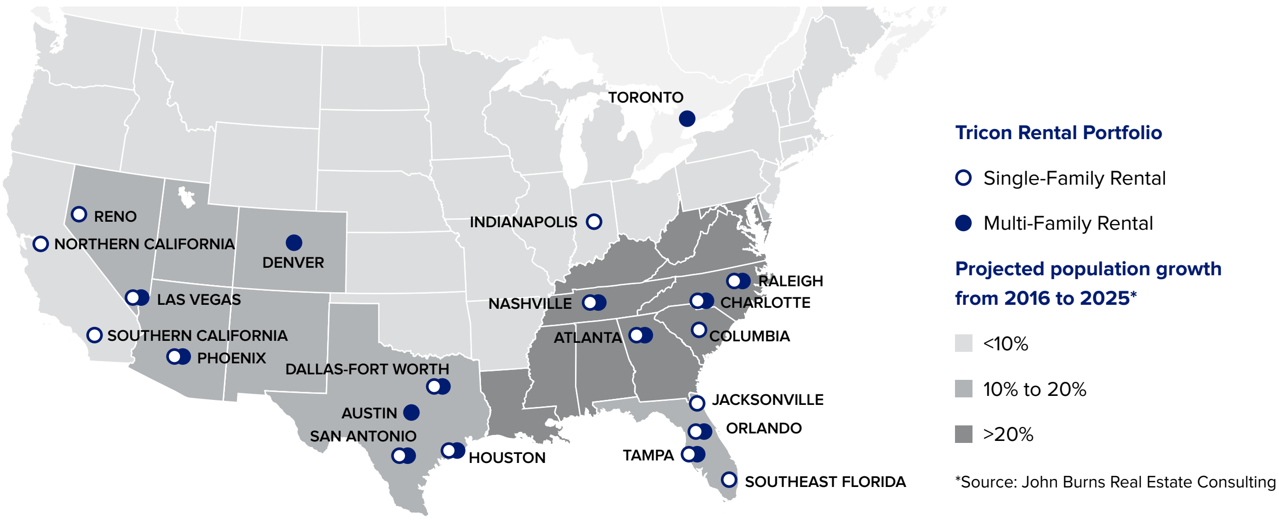
**Includes estimated Canadian multi-family rental units under development based on development plans as of September 30, 2020. See Section 4.3 for details.

Rental housing strategy

Tricon's U.S. rental strategy, in both single-family and multi-family rental, is focused on select geographic markets in the U.S. Sun Belt and targets the "middle-market" resident demographic. The U.S. Sun Belt has experienced significant population and job growth over time, driven by a friendly business environment, lower tax rates, and a warm climate. It is home to about 40% of all U.S. households, and is expected to see 60% of the growth in U.S. households over the next decade (source: John Burns Real Estate Consulting, 2019).

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

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

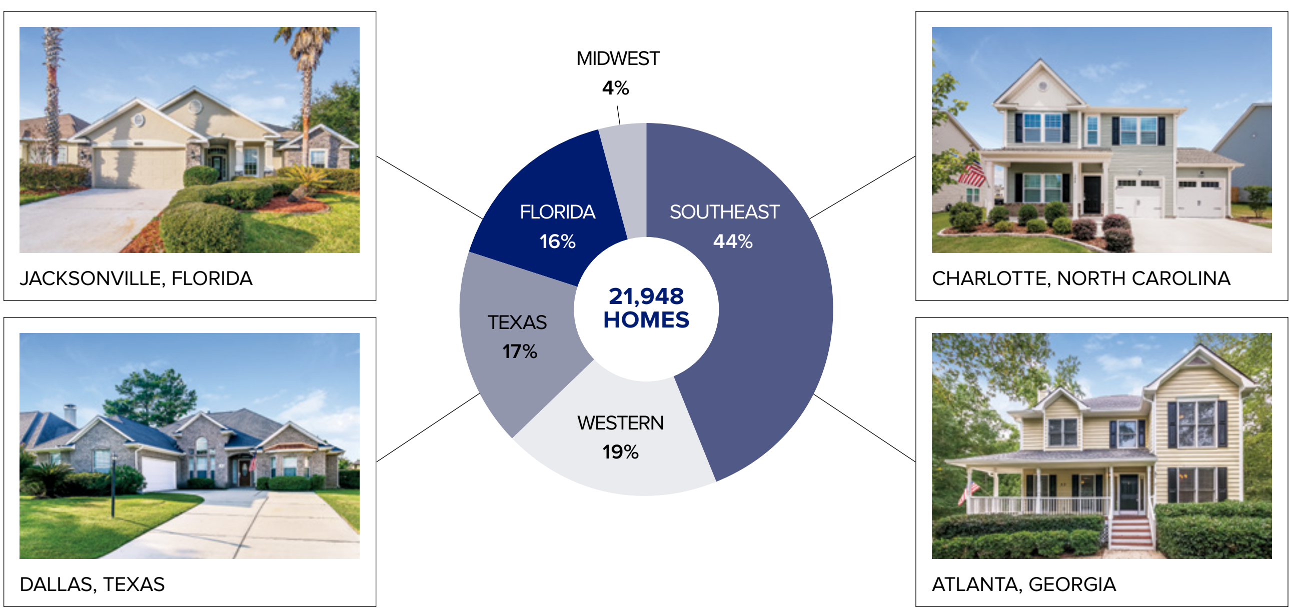


A description of each of the Company's businesses is provided below.

Single-Family Rental

Tricon owns and operates one of the largest portfolios of single-family rental homes in the U.S. Sun Belt, with 21,948 homes (excluding 33 homes held for sale) in 18 markets across ten states as of September 30, 2020. Tricon offers middle-market families the convenience of renting a high-quality, renovated home without costly overhead expenses such as maintenance and property taxes, and with a focus on superior customer service.

Since entering the single-family rental business in 2012, Tricon has built a technology-enabled platform to support its growth and manage its properties efficiently. The Company's proprietary technology automates home acquisitions, leasing activities (such as virtual tours and/or self-showings), resident underwriting, revenue management, repairs and maintenance and workflow management, among other activities. Management believes the Company has a significant competitive advantage arising from its technology-enabled property management platform that is not easy to replicate, and it intends to apply these capabilities across both its single-family and multi-family rental portfolios.



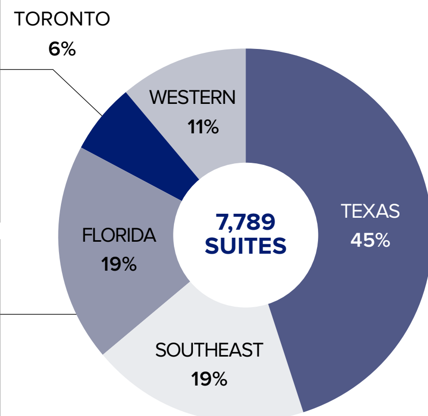
(Excluding 33 homes held for sale)

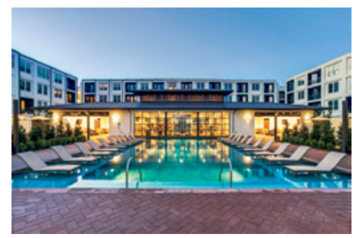
Multi-Family Rental

In the U.S., Tricon owns a portfolio of high-quality, affordably priced garden-style apartments primarily in the U.S. Sun Belt, comprised of 23 properties totalling 7,289 suites in 13 major markets. The current portfolio consists of new vintage garden-style complexes featuring resort-style amenities, including swimming pools and well-appointed fitness and common areas, located in desirable suburban sub-markets that have experienced strong employment and population growth over an extended period of time. These assets are currently property managed by leading third-party firms, overseen by Tricon's internal asset management team. However, the Company intends to internalize property management in the near- to mid-term to produce additional synergies by leveraging existing technology, infrastructure and centralized management functions. Tricon's long-term strategy is to continue to grow this business and drive operating synergies through incremental scale.

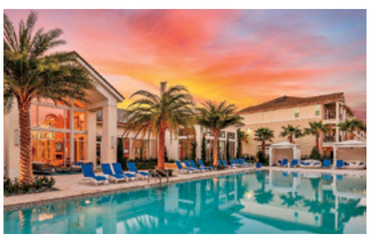
In Canada, Tricon operates one 500-unit Class A rental property, The Selby, located in Toronto. The Selby is currently managed through Tricon's vertically integrated platform, including local property management employees.

THE SELBY, TORONTO, ONTARIO





THE CALLIE, DALLAS, TEXAS



ALTIS SAND LAKE, ORLANDO, FLORIDA

Residential Development

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

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

Tricon is one of the most active multi-family rental developers in downtown Toronto with eight projects under development, totalling approximately 3,739 units (including some condominium units). Tricon is focused on developing, owning and operating the leading portfolio of Class A rental apartments in the Greater Toronto Area, Canada's economic engine and one of its fastest-growing metropolitan areas. The Company's "build-to-core" strategy targets institutional-quality development of well-located rental properties near major employment nodes and/or public transit that will ultimately be held over the long term as part of an income-producing portfolio. Through its vertically integrated operations, including land acquisition/entitlement, development, oversight of vertical construction, and property management, we believe that Tricon has a major competitive advantage and is able to develop properties designed specifically to serve rental residents in a Toronto market saturated with investor-driven condominium projects. Tricon holds these assets in partnerships with pension plans and strategic partners who have an investment bias towards long-term ownership and stable recurring cash flows. These institutional investors or strategic partners pay Tricon development management fees, asset management fees and possibly performance fees, enabling the Company to enhance its return on investment.

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

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

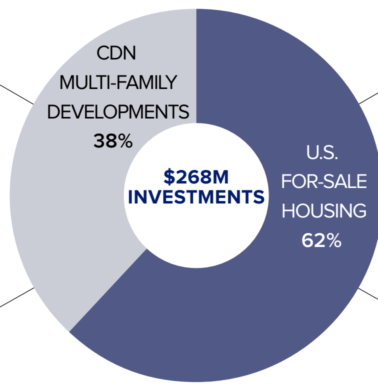
(iii) U.S. land development and homebuilding:

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

Johnson's reputation for developing high-quality MPCs is further evidenced by Johnson being the only master-planned community developer in the United States to have six MPCs ranked in the top 50 based on year-to-date sales in the first half of 2020 according to RCLCO Real Estate Advisors and John Burns Real Estate Consulting.


THE JAMES, TORONTO, ONTARIO


WDL BLOCK 8, TORONTO, ONTARIO




VIRIDIAN, TEXAS


CROSS CREEK RANCH, TEXAS

(Residential development investments of $267.9 million represent 4% of Tricon's real estate asset value. The investment balance includes Tricon's investments in Canadian multi-family developments, net investments in Canadian development properties and investments in for-sale housing as at September 30, 2020. Refer to Section 4.3.)

Private Funds and Advisory

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

(i) **Asset management of third-party capital:** Tricon manages capital on behalf of American, Canadian and international institutional investors, including pension funds, sovereign wealth funds, insurance companies, endowments and foundations, as well as family offices and high net-worth accredited investors who seek exposure to the residential real estate industry. Tricon currently manages $2.5 billion of third-party capital (of total AUM of $8.2 billion) across its single-family rental, multi-family rental and residential development business segments.

Tricon manages third-party capital for ten of the top 100 largest institutional real estate investors in the world (source: PERE 2020 Top 100 Global Investor report, October 2020). Tricon ranked 65th globally and second in Canada (compared to 68th and third, respectively, in 2019) among global real estate investment managers based on the amount of private real estate direct investment capital raised since 2015 (source: PERE 100 report, June 2020). In aggregate, the Company has approximately 17 institutional investors in its active Investment Vehicles.

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

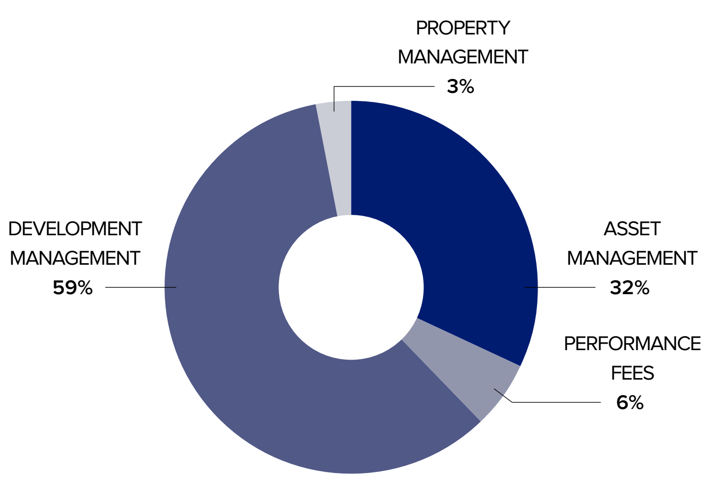
Tricon believes it is prudent to use a combination of balance sheet and third-party capital across its businesses. In particular, third-party capital allows the Company to generate scale and drive operational synergies, diversify its investor base, capitalize on opportunities that would otherwise be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

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

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

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

FEE REVENUE BY SOURCE FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020



*Property management fees and asset management fees paid by the single-family rental business segment, along with certain development management fees paid by Canadian development properties, are eliminated upon consolidation and are excluded from revenue from private funds and advisory services. Refer to Section 4.4 for a summary of revenue from private funds and advisory services for the nine months ended September 30, 2020.

1.3 Environmental, Social and Governance

Environmental, Social and Governance ("**ESG**") principles have guided Tricon's decision-making and strategy for the past 32 years. In January 2020, the Company published its ESG roadmap, formalizing our approach to ESG and highlighting our commitment to five strategic priorities: Our People, Our Residents, Our Innovation, Our Impact and Our Governance. The ESG roadmap will guide the Company's ESG initiatives through 2022 and will provide a framework for data collection and reporting on the Company's ongoing progress and performance.

Over the course of this year, we have established the ESG programs and related performance measures intended to fulfill our commitments. The design of these programs is substantially complete and will form our three-year ESG implementation plan. We aim to share our key initiatives and discuss our ESG performance in our inaugural ESG annual report early next year.

Our People

The Company is committed to engaging, supporting and enriching the lives of its employees so they can thrive. Tricon recognizes that creating a strong and healthy culture is an ongoing journey that must be firmly rooted in the concept of continuous improvement. Examples of accomplishments to date include:

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

At Tricon, living our corporate purpose every day starts with our own employees. In 2020, the Company embarked on several initiatives focused on equality, diversity and inclusion:

- **Living wage** – we established a minimum base salary threshold of $36,400 in the U.S. and C$46,000 in Canada per year, providing financial security for our employees and their families.
- **BlackNorth CEO Pledge** – we participated in the BlackNorth initiative and have joined several of Canada's largest businesses in signing a "CEO pledge" committing Tricon to take demonstrable and positive action to acknowledge and counter systemic anti-Black racism.
- **Juneteenth holiday** – on June 19th, we observed the Juneteenth holiday which marks the day in 1865 when anti-slavery laws were enforced in Texas. We invited our employees company-wide to learn about Black history and the challenges that racialized communities face.
- **Black Girls Code and Black Boys Code** – we donated to Black Girls Code and Black Boys Code, two charities focused on helping young Black girls and boys gain exposure to computer science and technology and encouraging careers in Science, Technology, Engineering and Mathematics. In the third quarter of 2020, employees were given the opportunity to contribute to these organizations through automatic donations from their payroll.
- **Founders' Day**
  Each year, we celebrate Tricon's founders by devoting one day towards making a positive difference in our communities.

  This year, Tricon celebrated Founders' Day on September 23 with nearly 700 employees across North America participating virtually. The main theme of 2020 was anti-Black systemic racism, featuring discussions with the heads of the Canadian Council of Business Leaders Against Anti-Black Systemic Racism as well as Black Girls Code.

  Additionally, during Founders' Day we featured Red Door Family Shelter as Tricon's charity of choice in Canada. Red Door Family Shelter is one of the largest family shelters in Toronto, providing emergency shelter and support for women and children affected by domestic abuse, families experiencing a housing crisis, and refugee claimants. The COVID-19 pandemic has put even more pressure on families at risk and so Tricon partnered with the Red Door Family Shelter in the third quarter to respond to the growing need for homeless shelters in the City of Toronto.

  This year, we also focused on Tricon's guiding principles and, as part of the Founders' Day celebration, employees across the U.S. and Canada submitted short videos of themselves in which they explained what Tricon's new purpose statement and guiding principles mean to them and why they are important in their work at Tricon. Select content from this inspirational video will be posted on Tricon's website at www.triconresidential.com in the coming months.

Our Residents

Tricon's goal is to build meaningful communities where people can connect, grow and prosper. In light of the widespread economic uncertainty related to COVID-19, we have focused our efforts this year on assisting residents in need through several initiatives:

- **Residential Hardship Fund** – we expanded our Residential Hardship Fund to provide emergency assistance and financial relief to residents experiencing unexpected hardship. These funds help residents and their families meet their rent obligations and stay in their homes. In the third quarter of 2020, employees were given the opportunity to contribute to the Residential Hardship Fund through automatic donations from their payroll.
- **Self-governing rent growth on renewals** – recognizing that many of our residents may be facing financial pressures during the COVID-19 pandemic, in the second and third quarters we offered to renew many expiring leases at nominal increases, or forego rent increases altogether, and plan to continue our practice of "self-governing" on rent increases related to renewals.
- **Late fees and deferral plans** – among our various initiatives intended to alleviate financial pressure for our residents, we waived late fees and offered flexible rent deferral plans for those in need. We also halted evictions and offered early termination options to select residents, waiving early termination move-out fees.
- **Affordable Housing Lands Program** – we partnered with investors and the Ontario government under the Affordable Housing Lands Program to deliver an innovative solution to housing affordability in Toronto. Our West Don Lands project is one of the largest affordable housing projects in Canada and will include 30% affordable units delivered at the same quality and standard as the market rate units. Block 10 of the West Don Lands will feature Toronto's first purpose-built Indigenous Hub which will include an Indigenous Health Centre and community gardens as well as an Indigenous Employment, Education and Training Centre.

Our Innovation

Tricon is strongly committed to leveraging innovative technologies and housing solutions in order to drive convenience, connectivity and affordability. Core service offerings are guided by two key desired outcomes: (i) delivering superior service that creates exceptional resident experiences and (ii) developing offerings that enhance the lives of residents while addressing their housing needs. Examples include:

- Proprietary self-showing and virtual move-in process that allows potential residents to: (i) find a Tricon home online and perform a 360-degree walkthrough from the comfort of their smart phone or computer; (ii) schedule and conduct a self-showing of a Tricon home at their preferred time and without a leasing agent; (iii) complete the leasing documentation process seamlessly and 100% electronically; and (iv) move-in to a Tricon home using a virtual concierge who can conduct a home walkthrough via videoconference.
- Customized Smart Home system which provides: convenient and controlled access to our homes through smart locks and door sensors, remote thermostat access which enhances comfort and generates energy savings, and moisture sensors that identify and allow us to fix hard-to-detect water leaks before they cause damage.
- Investment in new fleet tracking technology that enhances capacity and demand planning to ensure much higher on-time service delivery to our residents. This technology also helps decrease emissions through reduced vehicle idling times.
- Partnerships with organizations such as Toronto Life magazine, Eye Buy Art, Roy Thomson Hall, Massey Hall and the Evergreen Brick Works to provide our Toronto multi-family residents access to cultural activities and events. We also have partnerships with companies such as AMJ Campbell Moving and Storage, Casper Mattress and Wayfair, aimed at providing discounted access to services needed for elevated apartment living.

Our Impact

The Company is committed to making a material sustainability impact across all of its business activities over the long term. This effort will involve embracing smarter ways to reduce the environmental impact of our buildings by minimizing both our resource consumption and carbon footprint. Tricon is dedicated to ensuring its developments are built to LEED standards and that wildlife and biodiversity are protected by creating parks, green spaces and natural ecosystems. Examples of accomplishments to date include:

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

Our Governance

Tricon is firmly committed to acting in an ethical manner across all of its business dealings, and to working transparently with stakeholders and investors to enhance trust and reduce risks. We have established a governance framework to hold our organization, leadership and staff accountable. The governance framework includes four key elements:

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

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

1.4 COVID-19 developments

During the first nine months of 2020, the outbreak of COVID-19 and its rapid spread around the globe caused unprecedented disruption to the world's economies and capital markets. The ultimate consequences of the COVID-19 pandemic are still unknown; however, management believes that the Company's strong leadership team, its diverse sources of recurring cash flow and its flexible liquidity profile will help mitigate the impact that COVID-19 may have on Tricon's near-term business performance (see also Section 8.7). Tricon's response to COVID-19 has been as follows:

Supporting Tricon's employees

Tricon is committed to the health and safety of nearly 750 employees across our U.S. and Canadian operations (including approximately 100 employees at Johnson). The Company's employees began working from home as early as March 16, 2020, leveraging Tricon's investments in technology to conduct operations without interruption. Tricon's call centre staff are fully equipped to work from home, and leasing activities are mainly being conducted using virtual tours and self-showings. In-person contact is being minimized for its local market staff, and personal protective equipment is being used where necessary to continue providing essential maintenance activities.

Supporting Tricon's residents

Tricon is focused on providing its residents with a safe living environment and helping to mitigate the financial impact of COVID-19. The Company has moved to a strong occupancy bias in its rental businesses, and temporarily halted evictions, waived late fees, and offered flexible payment plans for residents whose financial well-being has been directly impacted by the pandemic.

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

HIGHLIGHTS

2

2. HIGHLIGHTS

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

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

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

For the periods ended September 30	Three months		Nine months	
(in thousands of U.S. dollars, except per share amounts which are in U.S. dollars, unless otherwise indicated)	2020	2019[1]	2020	2019[1]
Financial highlights on a consolidated basis				
Net income, including:	**$ 58,099**	**$ 33,405**	**$ 34,935**	**$ 66,778**
Fair value gain on rental properties	60,378	24,897	91,319	84,523
Income (loss) from investments in for-sale housing	4,457	1,109	(71,967)	6,682
Basic earnings per share	**0.30**	**0.17**	**0.17**	**0.40**
Diluted earnings per share	**0.23**	**0.15**	**0.13**	**0.38**
Dividends per share	**$ 0.07**	**$ 0.07**	**$ 0.21**	**$ 0.21**
Weighted average shares outstanding – basic	**194,205,434**	**195,182,431**	**194,442,337**	**165,111,005**
Weighted average shares outstanding – diluted	**222,822,876**	**213,371,947**	**199,340,243**	**183,413,037**
Non-IFRS[2] measures on a proportionate basis				
Core funds from operations ("Core FFO")	$ 24,772	$ 17,255	$ 74,773	$ 33,263
Adjusted funds from operations ("AFFO")	16,868	9,395	54,343	12,465
Core FFO per share[3]	0.11	0.08	0.35	0.18
Core FFO per share (CAD)[3],[4]	0.15	0.11	0.47	0.24
AFFO per share[3]	0.08	0.04	0.25	0.07
AFFO per share (CAD)[3],[4]	0.11	0.05	0.34	0.09

Select balance sheet items reported on a consolidated basis	September 30, 2020	December 31, 2019[1]
Total assets	**$ 6,833,736**	**$ 6,486,396**
Total liabilities	**5,166,952**	**4,825,214**
Net assets attributable to shareholders of Tricon	**1,658,446**	**1,653,138**
Rental properties	**6,014,113**	**5,682,525**
Debt	**3,959,767**	**3,955,261**

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

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

(3) Core FFO per share and AFFO per share are calculated using the total number of weighted average potential dilutive shares outstanding, including the assumed conversion of convertible debentures and exchange of preferred units issued by Tricon PIPE LLC, which were 222,822,876 and 215,822,080 for the three and nine months ended September 30, 2020, respectively, and 213,371,947 and 183,413,037 for the three and nine months ended September 30, 2019, respectively.

(4) USD/CAD exchange rates used are 1.3321 and 1.3541 for the three and nine months ended September 30, 2020, respectively, and 1.3204 and 1.3292 for the three and nine months ended September 30, 2019, respectively.

IFRS measures on a consolidated basis

Net income for the third quarter of 2020 was $58.1 million compared to $33.4 million in the third quarter of 2019, and included:

- Revenue from rental properties of $121.1 million compared to $105.7 million in the third quarter of 2019 reflecting significant growth of the single-family rental business along with improvements in average monthly rent and occupancy.
- Direct operating expenses of $43.3 million compared to $38.8 million in the third quarter of 2019, resulting from the aforementioned growth in the single-family rental portfolio.
- Fair value gain on rental properties of $60.4 million compared to $24.9 million in the third quarter of 2019, driven by higher home price appreciation on the single-family rental portfolio.

Net income for the nine months ended September 30, 2020 was $34.9 million compared to net income of $66.8 million for the nine months ended September 30, 2019, and included:

- Revenue from rental properties of $356.2 million and direct operating expenses of $126.9 million, compared to $251.9 million and $90.4 million in the prior year, respectively, attributable to the growth of the single-family portfolio and the acquisition of the U.S. multi-family rental portfolio in the second quarter of 2019.
- Income from investments in Canadian multi-family developments of $5.4 million compared to $0.3 million in the comparative period, driven by the achievement of significant development milestones.
- Fair value gain on rental properties of $91.3 million compared to $84.5 million in the same period of the prior year, representing home price appreciation of the single-family rental portfolio, partially offset by a $22.5 million fair value loss on the U.S. multi-family rental portfolio due to the negative impact of COVID-19 on near-term NOI assumptions.
- Loss from investments in for-sale housing of $72.0 million compared to income of $6.7 million in the same period of the prior year, attributable to updated assumptions regarding the timing and magnitude of future cash flows to reflect achievable values in the context of the current market environment being negatively impacted by COVID-19.

Non-IFRS measures on a proportionate basis

Core funds from operations ("Core FFO") for the third quarter of 2020 was $24.8 million, an increase of $7.5 million or 44% compared to $17.3 million in the third quarter of 2019, reflecting a larger portfolio of homes, strong rent growth and higher occupancy in the single-family rental business and a decrease in both corporate level overhead and interest expense. For the nine months ended September 30, 2020, Core FFO was $74.8 million, an increase of $41.5 million compared to $33.3 million in the same period of the prior year, primarily driven by the same reasons noted above as well as a full nine months of results from the U.S. multi-family rental portfolio compared to less than four months of results in the comparative period.

Adjusted funds from operations ("AFFO") for the three and nine months ended September 30, 2020 increased by $7.5 million and $41.9 million, respectively, from the same periods in the prior year. This increase is in line with the changes discussed in Core FFO above. In the third quarter, recurring capital expenditures were consistent year-over-year as lower capital spending on turn-related activities was offset by deferred repairs and maintenance that normally would have been incurred in the second quarter. Recurring capital expenditures were also consistent on a year-to-date basis, despite a larger rental portfolio, as non-essential capital projects were deferred during the COVID-19 pandemic in the first half of 2020.

Change in net assets

As at September 30, 2020, Tricon's net assets totalled $1,658 million compared to $1,653 million on December 31, 2019. The $5.3 million increase reflects net income attributable to Tricon's shareholders of $33.6 million reported for the nine months ended September 30, 2020 (including a fair value gain on its rental properties of $91.3 million and a loss from investments in for-sale housing of $72.0 million), offset by $26.7 million of dividends, among other items.

Tricon's net asset value for its for-sale housing investments decreased by $133.6 million from $300.7 million as at December 31, 2019 to $167.0 million as at September 30, 2020, mainly attributable to the fair value loss of $72.0 million recognized during the period, as well as distributions of $64.7 million, primarily from the syndication of the Company's investment in the Trinity Falls project in the first quarter. As a result, Tricon's for-sale housing assets now represent approximately 2.5% of the total assets of the Company.

CONSOLIDATED FINANCIAL RESULTS

3

3. CONSOLIDATED FINANCIAL RESULTS

The following section should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2020.

3.1 Review of income statements

Consolidated statements of income

The comparative figures in the Company's consolidated statements of comprehensive income in the table below have been recast as if the current reporting framework under IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), first applied by the Company effective January 1, 2020 on a prospective basis, had been in effect for the three and nine months ended September 30, 2019.

For the periods ended September 30 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	Three months			Nine months		
	2020	2019	Variance	2020	2019	Variance
		Recast (Schedule A)			Recast (Schedule A)	
Revenue from rental properties	**$ 121,120**	**$ 105,656**	**$ 15,464**	**$ 356,204**	**$ 251,851**	**$ 104,353**
Direct operating expenses	(43,253)	(38,763)	(4,490)	(126,878)	(90,375)	(36,503)
Net operating income from rental properties	77,867	66,893	10,974	229,326	161,476	67,850
Revenue from private funds and advisory services	**7,025**	**10,645**	**(3,620)**	**21,369**	**25,935**	**(4,566)**
Income from investments in Canadian multi-family developments(1)	97	1,241	(1,144)	5,404	298	5,106
Income (loss) from investments in for-sale housing(2)	4,457	1,109	3,348	(71,967)	6,682	(78,649)
Other income from Canadian development properties(3)	326	215	111	482	634	(152)
Property management overhead	(5,028)	(6,789)	1,761	(16,782)	(20,200)	3,418
Compensation expense	(8,150)	(8,561)	411	(25,160)	(27,937)	2,777
General and administration expense	(5,977)	(5,473)	(504)	(17,821)	(14,921)	(2,900)
Interest expense	(41,996)	(43,586)	1,590	(126,189)	(108,658)	(17,531)
Fair value gain on rental properties	60,378	24,897	35,481	91,319	84,523	6,796
Gain on sale of U.S. multi-family developments	–	4,403	(4,403)	–	8,605	(8,605)
Fair value gain on derivative financial instruments and other liabilities	11,551	3,133	8,418	8,957	3,819	5,138
Transaction costs	(5,678)	(2,173)	(3,505)	(11,525)	(29,883)	18,358
Amortization and depreciation expense	(2,676)	(2,660)	(16)	(8,234)	(7,810)	(424)
Realized and unrealized foreign exchange gain (loss)	634	(115)	749	(1,114)	(136)	(978)
Net change in fair value of limited partners' interests	(18,036)	(2,379)	(15,657)	(32,801)	426	(33,227)
	(10,098)	(36,738)	26,640	(205,431)	(104,558)	(100,873)
Income before income taxes	**$ 74,794**	**$ 40,800**	**$ 33,994**	**$ 45,264**	**$ 82,853**	**$ (37,589)**
Income tax expense – current	(3,261)	(5,295)	2,034	(3,037)	(7,369)	4,332
Income tax expense – deferred	(13,434)	(2,100)	(11,334)	(7,292)	(8,706)	1,414
Net income	**$ 58,099**	**$ 33,405**	**$ 24,694**	**$ 34,935**	**$ 66,778**	**$ (31,843)**
Attributable to:						
Shareholders of Tricon	$ 57,609	$ 32,606	$ 25,003	$ 33,644	$ 65,408	$ (31,764)
Non-controlling interest	490	799	(309)	1,291	1,370	(79)
Net income	**$ 58,099**	**$ 33,405**	**$ 24,694**	**$ 34,935**	**$ 66,778**	**$ (31,843)**
Other comprehensive income						
Items that will be reclassified subsequently to net income						
Cumulative translation reserve	2,025	(774)	2,799	(1,257)	2,002	(3,259)
Comprehensive income for the period	**$ 60,124**	**$ 32,631**	**$ 27,493**	**$ 33,678**	**$ 68,780**	**$ (35,102)**
Attributable to:						
Shareholders of Tricon	$ 59,634	$ 31,832	$ 27,802	$ 32,387	$ 67,410	$ (35,023)
Non-controlling interest	490	799	(309)	1,291	1,370	(79)
Comprehensive income for the period	**$ 60,124**	**$ 32,631**	**$ 27,493**	**$ 33,678**	**$ 68,780**	**$ (35,102)**
Basic EPS attributable to shareholders of Tricon	**$ 0.30**	**$ 0.17**	**$ 0.13**	**$ 0.17**	**$ 0.40**	**$ (0.23)**
Diluted EPS attributable to shareholders of Tricon	**$ 0.23**	**$ 0.15**	**$ 0.08**	**$ 0.13**	**$ 0.38**	**$ (0.25)**
Weighted average shares outstanding – basic	**194,205,434**	**195,182,431**	**(976,997)**	**194,442,337**	**165,111,005**	**29,331,332**
Weighted average shares outstanding – diluted(4)	**222,822,876**	**213,371,947**	**9,450,929**	**199,340,243**	**183,413,037**	**15,927,206**

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

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

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

(4) For the three months ended September 30, 2020, the Company's 2022 convertible debentures and the exchangeable preferred units of Tricon PIPE LLC were dilutive, whereas only the exchangeable preferred units of Tricon PIPE LLC were dilutive for the nine months ended September 30, 2020. For the three and nine months ended September 30, 2019, the 2022 convertible debentures were dilutive. Refer to Note 27 to the condensed interim consolidated financial statements.

Schedule A

The table below provides a reconciliation of the consolidated statement of comprehensive income for the three and nine months ended September 30, 2019 from figures previously reported under investment entity accounting in accordance with IFRS 10 to the recast figures shown in the table above.

For the periods ended September 30, 2019 (in thousands of U.S. dollars)	Three months			Nine months		
	Previously reported	Adjustments	Recast	Previously reported	Adjustments	Recast
Revenue from rental properties	**$ –**	**$ 105,656**	**$ 105,656**	**$ –**	**$ 251,851**	**$ 251,851**
Direct operating expenses	–	(38,763)	(38,763)	–	(90,375)	(90,375)
Net operating income from rental properties	–	66,893	66,893	–	161,476	161,476
Revenue from private funds and advisory services	**11,323**	**(678)**	**10,645**	**28,179**	**(2,244)**	**25,935**
Income from investments in Canadian multi-family developments	–	1,241	1,241	–	298	298
Investment income – Tricon American Homes	35,958	(35,958)	–	119,742	(119,742)	–
Investment income – Tricon Lifestyle Rentals	10,280	(10,280)	–	18,168	(18,168)	–
Income from investments in for-sale housing	1,109	–	1,109	6,682	–	6,682
Other income from Canadian development properties	–	215	215	–	634	634
Property management overhead	–	(6,789)	(6,789)	–	(20,200)	(20,200)
Compensation expense	(8,561)	–	(8,561)	(27,937)	–	(27,937)
General and administration expense	(2,799)	(2,674)	(5,473)	(8,807)	(6,114)	(14,921)
Interest expense	(8,493)	(35,093)	(43,586)	(23,531)	(85,127)	(108,658)
Fair value gain on rental properties	–	24,897	24,897	–	84,523	84,523
Gain on sale of U.S. multi-family developments	–	4,403	4,403	–	8,605	8,605
Fair value gain on derivative financial instruments and other liabilities	3,134	(1)	3,133	4,309	(490)	3,819
Transaction costs	(2,102)	(71)	(2,173)	(28,913)	(970)	(29,883)
Amortization and depreciation expense	(1,581)	(1,079)	(2,660)	(4,685)	(3,125)	(7,810)
Realized and unrealized foreign exchange loss	(115)	–	(115)	(136)	–	(136)
Net change in fair value of limited partners' interests	–	(2,379)	(2,379)	–	426	426
	26,830	(63,568)	(36,738)	54,892	(159,450)	(104,558)
Income before income taxes	**$ 38,153**	**$ 2,647**	**$ 40,800**	**$ 83,071**	**$ (218)**	**$ 82,853**
Income tax (expense) recovery – current	(5,295)	–	(5,295)	(7,384)	15	(7,369)
Income tax expense – deferred	(401)	(1,699)	(2,100)	(6,811)	(1,895)	(8,706)
Net income(1)	**$ 32,457**	**$ 948**	**$ 33,405**	**$ 68,876**	**$ (2,098)**	**$ 66,778**
Attributable to:						
Shareholders of Tricon	$ 31,658	$ 948	$ 32,606	$ 67,506	$ (2,098)	$ 65,408
Non-controlling interest	799	–	799	1,370	–	1,370
Net income(1)	**$ 32,457**	**$ 948**	**$ 33,405**	**$ 68,876**	**$ (2,098)**	**$ 66,778**
Other comprehensive income						
Items that will be reclassified subsequently to net income						
Cumulative translation reserve(1)	174	(948)	(774)	(96)	2,098	2,002
Comprehensive income for the period	**$ 32,631**	**$ –**	**$ 32,631**	**$ 68,780**	**$ –**	**$ 68,780**
Attributable to:						
Shareholders of Tricon	$ 31,832	$ –	$ 31,832	$ 67,410	$ –	$ 67,410
Non-controlling interest	799	–	799	1,370	–	1,370
Comprehensive income for the period	**$ 32,631**	**$ –**	**$ 32,631**	**$ 68,780**	**$ –**	**$ 68,780**
Basic EPS attributable to shareholders of Tricon(1)	**$ 0.16**	**$ 0.01**	**$ 0.17**	**$ 0.41**	**$ (0.01)**	**$ 0.40**
Diluted EPS attributable to shareholders of Tricon(1)	**$ 0.15**	**$ –**	**$ 0.15**	**$ 0.39**	**$ (0.01)**	**$ 0.38**
Weighted average shares outstanding – basic	**195,182,431**	**–**	**195,182,431**	**165,111,005**	**–**	**165,111,005**
Weighted average shares outstanding – diluted	**213,371,947**	**–**	**213,371,947**	**183,413,037**	**–**	**183,413,037**

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

Revenue from rental properties

The following table provides further details regarding revenue from rental properties for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Single-family rental	$ 93,731	$ 76,837	$ 16,894	$ 272,582	$ 216,608	$ 55,974
Multi-family rental – U.S.	27,389	28,819	(1,430)	83,622	35,243	48,379
Revenue from rental properties	**$ 121,120**	**$ 105,656**	**$ 15,464**	**$ 356,204**	**$ 251,851**	**$ 104,353**

Revenue from rental properties for the three months ended September 30, 2020 totalled $121.1 million, an increase of $15.5 million compared to $105.7 million for the same period in the prior year. The increase is attributable to:

- An increase of $16.9 million in rental revenue from single-family rental properties resulting from a 10.4% expansion in the rental portfolio size to 21,948 homes from 19,886 homes, coupled with higher average monthly rent ($1,450 compared to $1,389) and a 2.9% improvement in occupancy.
- A partially offsetting decrease of $1.4 million in rental revenue from the U.S. multi-family rental portfolio, caused by 2.4% lower occupancy, as well as incremental bad debt of $0.4 million and additional concessions of $0.7 million associated with the economic impact caused by the COVID-19 pandemic.

Revenue from rental properties for the nine months ended September 30, 2020 totalled $356.2 million, an increase of $104.4 million from the same period in the prior year, primarily driven by (i) the acquisition of the U.S. multi-family rental portfolio in the second quarter of 2019, which contributed approximately four months of revenue in the comparative period, and (ii) the increase in single-family rental revenue for the reasons noted above.

Direct operating expenses

The following table provides further details regarding direct operating expenses for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Single-family rental	$ 30,978	$ 27,109	$ (3,869)	$ 90,561	$ 76,115	$ (14,446)
Multi-family rental – U.S.	12,275	11,654	(621)	36,317	14,260	(22,057)
Direct operating expenses	**$ 43,253**	**$ 38,763**	**$ (4,490)**	**$ 126,878**	**$ 90,375**	**$ (36,503)**

Direct operating expenses for the three months ended September 30, 2020 were $43.3 million, an increase of $4.5 million compared to the same period in the prior year. The variance is primarily attributable to a $3.9 million increase in direct operating costs for single-family rental as a result of 10.4% growth in the size of the portfolio.

Direct operating expenses for the nine months ended September 30, 2020 were $126.9 million, an increase of $36.5 million compared to the same period in the prior year. This increase is attributable to (i) full nine months of operating expense inclusion in the current period for the U.S. multi-family portfolio compared to only four months included in 2019, and (ii) the expansion of the single-family rental portfolio year-over-year.

Revenue from private funds and advisory services

The following table provides further details regarding revenue from private funds and advisory services for the three and nine months ended September 30, 2020, net of inter-segment revenue eliminated upon consolidation.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Asset management fees	$ 2,045	$ 2,809	$ (764)	$ 6,864	$ 8,757	$ (1,893)
Performance fees	700	2,982	(2,282)	1,145	4,883	(3,738)
Development fees(1)	4,031	4,638	(607)	12,645	11,860	785
Property management fees	249	216	33	715	435	280
Revenue from private funds and advisory services	**$ 7,025**	**$ 10,645**	**$ (3,620)**	**$ 21,369**	**$ 25,935**	**$ (4,566)**

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

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
The Johnson Companies ("Johnson")	$ 3,303	$ 4,269	$ (966)	$ 9,753	$ 10,217	$ (464)
Tricon Development Group ("TDG")	728	369	359	2,892	1,643	1,249
Development fees	**$ 4,031**	**$ 4,638**	**$ (607)**	**$ 12,645**	**$ 11,860**	**$ 785**

Revenue from private funds and advisory services for the three months ended September 30, 2020 totalled $7.0 million, a decrease of $3.6 million from the same period in the prior year. The variance is primarily attributable to:

- A decrease of $2.3 million in performance fees from for-sale housing investments, as commingled funds and separate accounts in the for-sale housing portfolio paid higher performance fees in the third quarter of 2019 than in the current period. Performance fees are paid when realized returns exceed investor return thresholds, and therefore are episodic in nature and can vary substantially from period to period.
- A decrease of $0.8 million in asset management fees as significant distributions were made from investments in for-sale housing over the past twelve months, thereby reducing outstanding invested capital.
- A decrease of $0.6 million in development fees driven by a $1.0 million reduction from Johnson, given lot sales in 2019 were very strong as homebuilders replenished inventories. In spite of the COVID-19 pandemic, third-party home sales at Johnson communities increased by 30% year-over-year (Q3 2020 – 1,211 vs. Q3 2019 – 935), which should ultimately drive homebuilders' demand for future lot inventory in the coming periods.
- A partially offsetting increase of $0.4 million in development fees from Canadian multi-family projects, largely attributable to the commencement of development on Blocks 3/4/7 of the West Don Lands project in 2020.

Revenue from private funds and advisory services for the nine months ended September 30, 2020 totalled $21.4 million, a decrease of $4.6 million from the same period in the prior year largely for the reasons discussed above.

Income from investments in Canadian multi-family developments

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

The following table provides further details regarding income from investments in Canadian multi-family developments for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Multi-family rental – Canada (The Selby)[1]	$ 102	$ (738)	$ 840	$ 319	$ (1,099)	$ 1,418
Multi-family rental – Canada (under development)	(5)	1,979	(1,984)	5,085	1,397	3,688
Income from investments in Canadian multi-family developments	**$ 97**	**$ 1,241**	**$ (1,144)**	**$ 5,404**	**$ 298**	**$ 5,106**

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

Income from investments in Canadian multi-family developments for the three months ended September 30, 2020 was $0.1 million, a decrease of $1.1 million from the same period in the prior year. The decrease was attributable to fair value gains recognized on development projects in the comparative period, which was driven by the achievement of construction milestones at The Ivy. This was partially offset by an increase in income from The Selby, which has been operating for over a year.

Income from investments in Canadian multi-family developments for the nine months ended September 30, 2020 was $5.4 million, an increase of $5.1 million from the same period in the prior year. The variance is primarily attributable to an increase in income from development properties, mainly driven by fair value gains recognized in the first quarter on the West Don Lands project (Block 8) where construction has commenced, along with higher income from The Selby as the property nears stabilization.

Income (loss) from investments in for-sale housing

The following table provides further details regarding income from investments in for-sale housing for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Income (loss) from investments in for-sale housing	$ 4,457	$ 1,109	$ 3,348	$ (71,967)	$ 6,682	$ (78,649)

Income from investments in for-sale housing for the three months ended September 30, 2020 was $4.5 million, an increase of $3.3 million from the same period in the prior year. Tricon recognized a significant write-down of its investments in connection with its for-sale housing business of $79.6 million in the first quarter of 2020 under the context of a precipitous drop in sales in late March and uncertainty over the timing of future cash flows. Since then, sales in most projects have recovered to pre-COVID-19 levels as strong de-urbanization trends and historically low mortgage rates have encouraged home buying in the suburbs and potentially brought forward demand. This has resulted in strong investment income of $4.5 million for the three months ended September 30, 2020 which could persist, provided that fundamentals for the business remain healthy.

Loss from investments in for-sale housing for the nine months ended September 30, 2020 was $72.0 million compared to income of $6.7 million for the same period in 2019, a decrease of $78.6 million. The variance is largely attributable to the aforementioned fair value loss of $79.6 million recorded in the first quarter of 2020.

Property management overhead

Property management overhead costs are corporate-level costs (including salaries of employees engaged in leasing, acquisition, disposition and other direct property management-related activities) and are not direct property-level costs included in net operating income ("NOI").

The following table provides further details regarding property management overhead for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Property management salaries and benefits	$ 2,873	$ 4,306	$ 1,433	$ 9,519	$ 12,441	$ 2,922
Other property management overhead(1)	2,155	2,483	328	7,263	7,759	496
Property management overhead	**$ 5,028**	**$ 6,789**	**$ 1,761**	**$ 16,782**	**$ 20,200**	**$ 3,418**

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

Property management overhead for the three months ended September 30, 2020 was $5.0 million, a decrease of $1.8 million compared to the same period in the prior year. This decrease was mainly driven by an increased allocation of property management salaries to properties as direct operating costs, as the rental portfolio under management continued to expand. The amount of property management overhead allocated to direct operating costs correlates with the amount of revenue earned from rental properties during the period. In addition, constrained property management activities during COVID-19 also contributed to savings in overhead expenses.

Property management overhead for the nine months ended September 30, 2020 was $16.8 million, a decrease of $3.4 million compared to the same period in the prior year, for the reasons discussed above.

Compensation expense

The following table provides further details regarding compensation expense, excluding the compensation expense for direct property management employees noted above, for the three and nine months ended September 30, 2020.

For the periods ended September 30		Three months			Nine months		
(in thousands of U.S. dollars)		2020	2019	Variance	2020	2019	Variance
Salaries and benefits	A	**$ 4,862**	**$ 4,520**	**$ (342)**	**$ 15,132**	**$ 14,059**	**$ (1,073)**
Cash-settled(1)		3,793	3,019	(774)	9,351	9,077	(274)
Equity-settled(2)		677	518	(159)	1,868	1,904	36
Annual incentive plan ("AIP")	B	**4,470**	**3,537**	**(933)**	**11,219**	**10,981**	**(238)**
Cash-settled(1)		(1,446)	75	1,521	(3,600)	1,526	5,126
Equity-settled(2)		264	429	165	2,409	1,371	(1,038)
Long-term incentive plan ("LTIP")	C	**(1,182)**	**504**	**1,686**	**(1,191)**	**2,897**	**4,088**
Total compensation expense	A + B + C	**$ 8,150**	**$ 8,561**	**$ 411**	**$ 25,160**	**$ 27,937**	**$ 2,777**

(1) Includes cash component and performance share units.
(2) Includes deferred share units, stock options and restricted shares.

Compensation expense for the three months ended September 30, 2020 was $8.2 million, a decrease of $0.4 million compared to the same period in the prior year. The variance is mainly attributable to:

- A decrease of $1.7 million in total LTIP expense, primarily driven by a true-up in cash-settled LTIP expense attributable to lower estimated future performance fees from Investment Vehicles that will be paid to management under the LTIP.
- An offsetting increase of $0.9 million in total AIP expense, which was accrued based on the AIP framework.
- An additional offsetting increase of $0.3 million in salaries and benefits due to staffing increases to accommodate the Company's ongoing growth plans and normal course salary adjustments.

Compensation expense for the nine months ended September 30, 2020 was $25.2 million, a decrease of $2.8 million compared to the same period in the prior year. The variance is mainly attributable to a decrease of $4.1 million in total LTIP expense, partially offset by an increase in total AIP expense of $0.2 million and an increase of $1.1 million in salaries and benefits, for the reasons discussed above.

General and administration expense

General and administration expense for the three and nine months ended September 30, 2020 increased by $0.5 million and $2.9 million, respectively, compared to the same periods in the prior year. The variance corresponds to the increased scope of the Company's business activities and is in line with expectations given the growth of the Company.

Interest expense

The following table provides details regarding interest expense for the three and nine months ended September 30, 2020 by its borrowing type.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Corporate borrowings	$ 3,327	$ 4,922	$ 1,595	$ 12,014	$ 12,876	$ 862
Property-level borrowings	33,252	35,043	1,791	101,353	84,984	(16,369)
Convertible debentures	3,645	3,555	(90)	10,885	10,606	(279)
Due to Affiliate	1,687	–	(1,687)	1,687	–	(1,687)
Lease obligations	85	66	(19)	250	192	(58)
Total interest expense	**$ 41,996**	**$ 43,586**	**$ 1,590**	**$ 126,189**	**$ 108,658**	**$ (17,531)**
Weighted average interest rate				**3.37%**	**4.07%**	**0.70%**

The following table provides further details regarding interest expense by its nature (cash interest and non-cash interest expense, such as amortization).

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Corporate and property-level borrowings	$ 35,361	$ 39,475	$ 4,114	$ 110,484	$ 96,414	$ (14,070)
Convertible debentures	2,492	2,493	1	7,421	7,410	(11)
Due to Affiliate	1,342	–	(1,342)	1,342	–	(1,342)
Amortization of deferred financing costs, discounts and lease obligations	2,801	1,618	(1,183)	6,942	4,834	(2,108)
Total interest expense	**$ 41,996**	**$ 43,586**	**$ 1,590**	**$ 126,189**	**$ 108,658**	**$ (17,531)**

Interest expense was $42.0 million for the three months ended September 30, 2020, a decrease of $1.6 million compared to $43.6 million for the same period last year. The variance is attributable to:

- A $4.1 million saving in interest expense as a result of a 0.6% decrease in the average effective interest rates on corporate and property-level borrowings (3.47% compared to 4.08% in Q3 2019). The reduction in the effective interest rate was driven by a lower LIBOR and the replacement of short-term property-level debt with less expensive securitization financing, despite a $0.6 billion increase in average borrowings year-over-year.
- An offsetting $1.3 million increase in interest expense on the balance due to Tricon's affiliate in connection with the preferred share issuance in September 2020 (see Section 3.2).
- An additional offsetting $1.2 million increase in the amortization of costs incurred to finance the acquisition of single-family rental homes.

Interest expense was $126.2 million for the nine months ended September 30, 2020, an increase of $17.5 million compared to $108.7 million for the same period last year. The variance was mainly attributable to the average borrowing balance increasing to $4.0 billion from $3.1 billion in the prior year driven by debt assumed on the acquisition of the U.S. multi-family rental portfolio in the second quarter of 2019 and additional debt incurred to finance the acquisition of homes in the single-family rental portfolio. This change was partially offset by a 0.5% decrease in the effective interest rates on corporate and property-level borrowings to 3.58% compared to 4.06% in the prior year.

Fair value gain on rental properties

The following table provides further details regarding the fair value gain on rental properties held by the Company for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Fair value gain on rental properties	$ 60,378	$ 24,897	$ 35,481	$ 91,319	$ 84,523	$ 6,796

Fair value gain on rental properties was $60.4 million for the three months ended September 30, 2020, an increase of $35.5 million compared to $24.9 million for the same period last year, which is attributable to the single-family rental portfolio. The fair value of single-family rental homes is typically determined by using a combination of Broker Price Opinion ("BPO") and the Home Price Index ("HPI") methodologies. As a result of the disruption caused in the market by COVID-19, the Company also used a discounted cash flow analysis to further support the fair value of the rental homes at September 30, 2020. Single-family home prices are increasing in Tricon's core markets because of historically low mortgage rates and demographic factors, including de-urbanization and nesting trends which have accelerated during the COVID-19 pandemic, leading to higher demand for for-sale housing. Constrained supply in those markets has also driven competitive resale pricing which affected the overall increase in the HPI. The HPI growth during the three months ended September 30, 2020 was 1.3% (5.2% annualized), net of capital expenditures, compared to 0.6% (2.4% annualized) in the same period in the prior year.

Fair value gain on rental properties for the nine months ended September 30, 2020 totalled $91.3 million, an increase of $6.8 million from the same period in the prior year. The increase was primarily attributable to a $113.9 million fair value gain in the single-family rental portfolio driven by home price appreciation, offset by a fair value loss of $22.5 million on the U.S. multi-family rental portfolio as a result of reduced near-term expectations for occupancy and increased leasing concessions due to the COVID-19 pandemic, driving a decrease in current NOI assumptions.

Fair value gain on derivative financial instruments and other liabilities

The following table provides further details regarding the fair value gain on derivative financial instruments and other liabilities for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Fair value gain on derivative financial instruments and other liabilities	$ 11,551	$ 3,133	$ 8,418	$ 8,957	$ 3,819	$ 5,138

For the three months ended September 30, 2020, the fair value gain on derivative financial instruments and other liabilities increased by $8.4 million to $11.6 million compared to $3.1 million in the prior year. The gain in the current quarter is primarily attributable to an $8.5 million gain with respect to a new derivative liability recognized by the Company in connection with the preferred units issued by Tricon PIPE LLC (see Section 3.2). The fair value gain on the derivative is driven by a decrease in Tricon's common share price, on a USD converted basis, from September 3rd to September 30th, which served to lower the probability of exchange of the preferred units into Tricon's common shares. Tricon's common share price increased marginally during this period in Canadian dollars; however, USD/CAD exchange rates moved more meaningfully and resulted in a decrease in Tricon's share price on a converted basis.

For the nine months ended September 30, 2020, the fair value gain on derivative financial instruments and other liabilities increased by $5.1 million to $9.0 million compared to $3.8 million in the same period in the prior year. In 2020, the fair value gain is comprised of an $8.5 million gain on the new derivative and a $1.6 million gain on the embedded derivative on the 2022 convertible debentures, partially offset by a $1.0 million loss on a previously-outstanding put liability, which was redeemed on March 4, 2020 in connection with the Company's acquisition and cancellation of 1,867,675 outstanding common shares (see Section 3.2). In the comparative period, the fair value gain related primarily to the conversion option on the 2022 convertible debentures, driven by a reduction in the time remaining until option expiration, among other factors.

Transaction costs

The following table provides further details regarding the transaction costs for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Transaction costs	$ 5,678	$ 2,173	$ 3,505	$ 11,525	$ 29,883	$ (18,358)

Transaction costs were $5.7 million for the three months ended September 30, 2020, an increase of $3.5 million compared to $2.2 million for the same period last year, primarily attributable to the preferred unit issuance by Tricon PIPE LLC (see Section 3.2). The Company incurred $15.0 million of transaction costs related to this transaction, of which $12.2 million were capitalized to the carrying value of the associated promissory note and the remaining $2.8 million were expensed as they were attributed to the derivative component described above.

Transaction costs were $11.5 million for the nine months ended September 30, 2020, a decrease of $18.4 million compared to $29.9 million for the same period in the prior year. The decrease was driven primarily by significant transaction costs incurred in the comparative period related to the acquisition of the U.S. multi-family rental portfolio.

Net change in fair value of limited partners' interests

Ownership interests in SFR JV-1 are in the form of non-controlling limited partnership interests which are classified as liabilities under the provisions of IFRS. The following table provides further details regarding the net change in fair value of limited partners' interests for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Net (increase) decrease in fair value of limited partners' interests	$ (18,036)	$ (2,379)	$ (15,657)	$ (32,801)	$ 426	$ (33,227)

For the three months ended September 30, 2020, the fair value of limited partners' interests increased by $18.0 million compared to an increase of $2.4 million for the same period in the prior year. For the nine months ended September 30, 2020, the fair value of limited partners' interests increased by $32.8 million compared to a decrease of $0.4 million for the same period in the prior year. The net change in fair value of limited partners' interests corresponds to the income earned by the Company's single-family rental joint venture ("SFR JV-1") during 2020 (including NOI and fair value gain on homes), resulting in an increase in non-controlling interests, whereas SFR JV-1 incurred a net loss in the nine months ended September 30, 2019.

Income tax expense

For the three months ended September 30, 2020, income tax expense was $16.7 million, an increase of $9.3 million compared to the same period in the prior year. This variance was a result of an increase in the deferred tax expense of $11.3 million, primarily driven by fair value gain on rental properties, partially offset by a decrease in current tax expense of $2.0 million as a result of the tax impact of the gain on sale of U.S. multi-family developments in the comparative period.

For the nine months ended September 30, 2020, income tax expense was $10.3 million, a decrease of $5.7 million compared to the same period in the prior year. The decrease in income tax expense was primarily driven by losses from investments in for-sale housing recognized in the first quarter of 2020 as a result of worsening project performance caused by the onset of COVID-19.

3.2 Review of selected balance sheet items

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

As at (in thousands of U.S. dollars)	September 30, 2020	December 31, 2019
		Recast (Schedule B)
ASSETS		
Non-current assets		
Rental properties	$ 6,014,113	$ 5,682,525
Investments in Canadian multi-family developments	82,922	75,141
Canadian development properties	103,367	35,625
Investments in for-sale housing	167,023	300,653
Restricted cash	106,968	84,082
Goodwill	108,838	108,838
Intangible assets	13,347	16,396
Other assets	45,901	42,071
Deferred income tax assets	104,711	84,749
Derivative financial instruments	910	–
	6,748,100	**6,430,080**
Current assets		
Cash	52,957	31,107
Amounts receivable	21,614	13,851
Prepaid expenses and deposits	11,065	11,358
	85,636	**56,316**
Total assets	**$ 6,833,736**	**$ 6,486,396**
LIABILITIES		
Non-current liabilities		
Long-term debt	$ 3,825,619	$ 3,954,977
Convertible debentures	164,775	161,311
Due to Affiliate	250,530	–
Derivative financial instruments	29,156	629
Limited partners' interests	301,889	285,774
Long-term incentive plan	16,459	21,409
Other liabilities	5,607	19,764
Deferred income tax liabilities	267,921	240,723
	4,861,956	**4,684,587**
Current liabilities		
Amounts payable and accrued liabilities	116,346	97,744
Resident security deposits	44,369	32,125
Dividends payable	10,133	10,474
Current portion of long-term debt	134,148	284
	304,996	**140,627**
Total liabilities	**5,166,952**	**4,825,214**
Equity		
Share capital	1,189,910	1,201,061
Share capital reserve	–	(13,057)
Contributed surplus	20,436	20,223
Cumulative translation adjustment	18,139	19,396
Retained earnings	429,961	425,515
Total shareholders' equity	1,658,446	1,653,138
Non-controlling interest	8,338	8,044
Total equity	**1,666,784**	**1,661,182**
Total liabilities and equity	**$ 6,833,736**	**$ 6,486,396**

Schedule B

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

(in thousands of U.S. dollars)	Previously reported	Adjustments	Recast
ASSETS			
Non-current assets			
Rental properties	$ –	$ 5,682,525	$ 5,682,525
Investments – Tricon American Homes	1,365,007	(1,365,007)	–
Investments – Tricon Lifestyle Rentals	525,932	(525,932)	–
Investments in Canadian multi-family developments	–	75,141	75,141
Investments in for-sale housing	300,653	–	300,653
Canadian development properties	–	35,625	35,625
Restricted cash	–	84,082	84,082
Goodwill	219	108,619	108,838
Intangible assets	16,396	–	16,396
Other assets	30,677	11,394	42,071
Deferred income tax assets	44,749	40,000	84,749
	2,283,633	**4,146,447**	**6,430,080**
Current assets			
Cash	8,908	22,199	31,107
Amounts receivable	8,952	4,899	13,851
Prepaid expenses and deposits	796	10,562	11,358
	18,656	**37,660**	**56,316**
Total assets	**$ 2,302,289**	**$ 4,184,107**	**$ 6,486,396**
LIABILITIES			
Non-current liabilities			
Long-term debt	$ 307,869	$ 3,647,108	$ 3,954,977
Convertible debentures	161,311	–	161,311
Derivative financial instruments	657	(28)	629
Limited partners' interests	–	285,774	285,774
Long-term incentive plan	21,409	–	21,409
Other liabilities	14,329	5,435	19,764
Deferred income tax liabilities	98,584	142,139	240,723
	604,159	**4,080,428**	**4,684,587**
Current liabilities			
Amounts payable and accrued liabilities	26,190	71,554	97,744
Resident security deposits	–	32,125	32,125
Dividends payable	10,474	–	10,474
Current portion of long-term debt	284	–	284
	36,948	**103,679**	**140,627**
Total liabilities	**641,107**	**4,184,107**	**4,825,214**
Equity			
Share capital	1,201,061	–	1,201,061
Share capital reserve	(13,057)	–	(13,057)
Contributed surplus	20,223	–	20,223
Cumulative translation adjustment	19,396	–	19,396
Retained earnings	425,515	–	425,515
Total shareholders' equity	1,653,138	–	1,653,138
Non-controlling interest	8,044	–	8,044
Total equity	**1,661,182**	**–**	**1,661,182**
Total liabilities and equity	**$ 2,302,289**	**$ 4,184,107**	**$ 6,486,396**

Rental properties

The table below presents the changes in the fair value of rental properties by business segment for the nine months ended September 30, 2020 and the year ended December 31, 2019. The comparative figures in the table below have been recast as if the current reporting framework under IFRS 10, which was first applied by the Company effective January 1, 2020 on a prospective basis, had been in effect for the year ended December 31, 2019.

	September 30, 2020			December 31, 2019		
(in thousands of U.S. dollars)	Single-Family Rental	Multi-Family Rental	Total	Single-Family Rental	Multi-Family Rental	Total
Balance, beginning of period	$ 4,337,681	$ 1,344,844	$ 5,682,525	$ 3,357,967	$ –	$ 3,357,967
Initial recognition for business combinations	–	–	–	–	1,338,683	1,338,683
Acquisitions	186,049	–	186,049	733,370	–	733,370
Capital expenditures	61,748	5,523	67,271	115,238	6,161	121,399
Dispositions	(13,051)	–	(13,051)	(18,809)	–	(18,809)
Fair value adjustments	113,854	(22,535)	91,319	149,915	–	149,915
Balance, end of period	**$ 4,686,281**	**$ 1,327,832**	**$ 6,014,113**	**$ 4,337,681**	**$ 1,344,844**	**$ 5,682,525**

Rental properties increased by $331.6 million to $6.0 billion as at September 30, 2020, from $5.7 billion as at December 31, 2019. The increase was primarily attributable to:

- Acquisitions of 994 single-family rental homes for $186.0 million.
- Capital expenditures incurred during the year of $67.3 million, predominantly driven by $61.7 million of capitalized costs attributable to the initial renovation of recently acquired single-family rental homes, as well as for the maintenance and enhancement of homes across the single-family rental business.
- Fair value adjustments of $91.3 million driven by a $113.9 million increase in the fair value of single-family rental homes since December 31, 2019, partially offset by a $22.5 million fair value loss on the multi-family rental portfolio reflecting the negative impact of COVID-19 on NOI assumptions.
- Offsetting dispositions of 90 single-family rental properties with an aggregate carrying value of $13.1 million.

Investments in Canadian multi-family developments

The table below presents the change in investments in Canadian multi-family developments for the nine months ended September 30, 2020.

(in thousands of U.S. dollars)	As at December 31, 2019	Advances	Income	Translation adjustment	As at September 30, 2020
Multi-family rental – Canada (The Selby)[1]	$ 19,733	$ –	$ 319	$ (514)	$ 19,538
Multi-family rental – Canada (under development)[2]	55,408	4,055	5,085	(1,164)	63,384
Investments in Canadian multi-family developments	**$ 75,141**	**$ 4,055**	**$ 5,404**	**$ (1,678)**	**$ 82,922**

(1) See Section 4.2.2, "Canadian multi-family rental – The Selby", for details of the operational performance of The Selby.
(2) See Section 4.3.1, "Canadian Class A multi-family developments", for details of Canadian multi-family projects under development.

Investments in Canadian multi-family developments increased by $7.8 million to $82.9 million as at September 30, 2020 compared to $75.1 million as at December 31, 2019. The increase was driven by $5.4 million of income recognized, primarily related to a fair value gain on the West Don Lands project in the first quarter, and cash advances of $4.1 million, partially offset by an unfavourable foreign exchange translation adjustment of $1.7 million resulting from a weakening Canadian dollar since the beginning of 2020.

Canadian development properties

The table below presents the change in investments in Canadian development properties for the nine months ended September 30, 2020.

(in thousands of U.S. dollars)	As at December 31, 2019	Acquisitions	Development expenditures	Translation adjustment	As at September 30, 2020
Canadian development properties	$ 35,625	$ 65,782	$ 1,374	$ 586	$ 103,367

Canadian development properties include The James (Scrivener Square) and The Shops of Summerhill. The value of these development properties increased by $67.7 million to $103.4 million compared to $35.6 million as at December 31, 2019. The increase was mainly attributable to the Company's $65.8 million acquisition of the remaining ownership interests of 50% and 75% in The James and The Shops of Summerhill, respectively (see Section 4.3.1), $1.4 million of development expenditures, and a $0.6 million favourable foreign exchange adjustment as a majority of the balance was acquired in June 2020 when the Canadian dollar was weaker (1.3339 as at September 30, 2020 vs. 1.3628 as at June 30, 2020).

Investments in for-sale housing

The table below presents the change in investments in for-sale housing for the nine months ended September 30, 2020.

(in thousands of U.S. dollars)	As at December 31, 2019	Advances	Loss from investments in for-sale housing	Distributions	As at September 30, 2020
Investments in for-sale housing	$ 300,653	$ 3,060	$ (71,967)	$ (64,723)	$ 167,023

Investments in for-sale housing decreased by $133.6 million to $167.0 million as at September 30, 2020 compared to $300.7 million as at December 31, 2019. The variance was attributable to (i) a cumulative fair value loss of $72.0 million, driven by the write-down recognized in the first quarter of 2020 as a result of a reduction in expected project performance and uncertainty of cash flows caused by the onset of COVID-19, (ii) distributions of $64.7 million to Tricon primarily from the syndication of one of its balance sheet investments, partially offset by (iii) advances to projects of $3.1 million.

Debt

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

As at (in thousands of U.S. dollars)	September 30, 2020	December 31, 2019	Variance
Single-family rental properties borrowings	$ 2,949,650	$ 2,728,717	$ (220,933)
Multi-family rental properties borrowings	911,840	916,340	4,500
Canadian development properties borrowings	64,821	13,935	(50,886)
Corporate borrowings	52,655	308,153	255,498
	3,978,966	**3,967,145**	**(11,821)**
Transaction costs (net of amortization)	(17,546)	(9,896)	7,650
Debt discount (net of amortization)	(1,653)	(1,988)	(335)
Total debt per balance sheet(1)	**$ 3,959,767**	**$ 3,955,261**	**$ (4,506)**
Cash and restricted cash	(159,925)	(115,189)	44,736
Net debt	**$ 3,799,842**	**$ 3,840,072**	**$ 40,230**
Total assets	**$ 6,833,736**	**$ 6,486,396**	**$ 347,340**
Net debt to assets(2)	56.9%	60.3%	

(1) Excludes the 2022 convertible debentures and Due to Affiliate.
(2) Calculated by dividing net debt by total assets (net of cash and restricted cash).

Net debt decreased by $40.2 million to $3.8 billion as at September 30, 2020, from $3.8 billion as at December 31, 2019. The variance was primarily attributable to:

- A reduction in corporate borrowings of $255.5 million. The Company used a portion of the $287.8 million net proceeds of Tricon PIPE LLC's issuance of exchangeable preferred units to repay the majority of the balance outstanding on the Company's revolving credit facility.
- An increase of $220.9 million in single-family rental properties borrowings, driven by a new securitization transaction in SFR JV-1 which involved the issuance and sale of six classes of fixed-rate pass-through certificates with a face value of approximately $553.4 million. The net proceeds were used to repay approximately $298.7 million of existing short-term SFR JV-1 debt.

- An increase of $50.9 million in Canadian development properties borrowings, attributable to assumed debt and vendor take-back loans as part of the Company's purchase of its partners' 50% and 75% respective interests in The James and The Shops of Summerhill during the second quarter of 2020 (see Section 4.3.1).
- An increase of $44.7 million in cash and restricted cash attributable primarily to cash reserved to pay for upcoming property tax bills and other capital renovation projects, alongside a loan drawdown from the SFR JV-1 subscription facility at the end of September 2020 that was used to finance the acquisition of single-family rental homes after quarter-end.

The weighted average interest rate applicable to debt owed by the Company as at September 30, 2020 was 3.37%. The following table summarizes the debt structure and leverage position as at September 30, 2020:

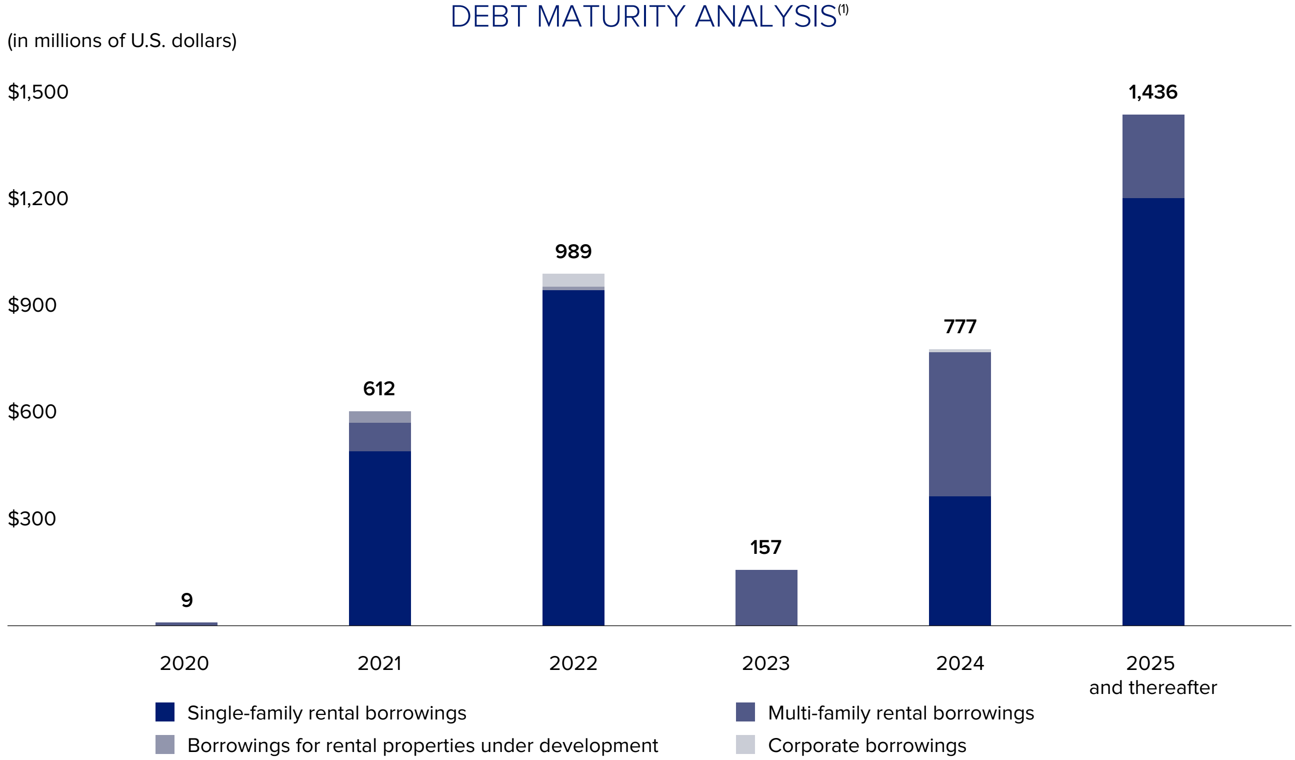
(in thousands of U.S. dollars) Debt structure	Balance	% of total	Weighted average interest rate	Weighted average time to maturity (years)
Fixed (including floating swapped to fixed)	$ 3,070,692	77.2%	3.49%	3.9
Floating	908,274	22.8%	2.91%	1.8
Total/Weighted average	**$ 3,978,966**	**100.0%**	**3.37%**	**3.4**

During the quarter, Tricon negotiated a one-year extension of the maturity of its U.S. multi-family credit facility, which now matures in December 2021. As at September 30, 2020, Tricon's near-term debt maturities include a land loan and vendor take-back loans totalling $52.8 million in connection with Tricon's Canadian multi-family developments, and the SFR JV-1 subscription facility of $73.0 million. The SFR JV-1 subscription facility will be jointly repaid with the limited partners as per the joint venture agreement.

As a result of the transactions during the third quarter described above, Tricon extended the weighted average time to maturity of its debt to 3.4 years as at September 30, 2020, representing an increase of 0.6 years from the previous quarter.

An analysis of Tricon's debt maturities as at September 30, 2020 is presented below, assuming the exercise of all extension options.

DEBT MATURITY ANALYSIS[1]



(1) Assumes the exercise of all extension options

Goodwill

Goodwill was $108.8 million as at September 30, 2020, comprised primarily of the goodwill recognized upon the deemed acquisitions of the single-family rental and multi-family rental businesses on January 1, 2020 as a result of converting to consolidated accounting.

Other liabilities

Other liabilities were $5.6 million as at September 30, 2020, a decrease of $14.2 million from December 31, 2019.

The decrease is primarily attributable to the settlement of the put liability in relation to common shares issued by Tricon in connection with its acquisition of the Starlight U.S. Multi-Family (No. 5) Core Fund on June 11, 2019. These put rights were exercised by their holders during the first quarter of 2020 (see Section 6.3).

The above decrease was partially offset by an additional liability of $1.8 million recorded at The Johnson Companies ("Johnson"), related to a loan received under the SBA Paycheck Protection Program established under the CARES Act, as part of the U.S. government's response to the economic impact of COVID-19. The loan will be forgivable when Johnson meets all employee retention criteria during the funding period. In the third quarter, Johnson submitted a forgiveness application and expects to meet the qualification standards and to have the loan fully forgiven.

Limited partners' interests

The following table provides details regarding the change in limited partners' interests for the nine months ended September 30, 2020.

(in thousands of U.S. dollars)	As at December 31, 2019	Contributions	Distributions	Net change in fair value	As at September 30, 2020
Limited partners' interests	$ 285,774	$ 27,486	$ (44,172)	$ 32,801	$ 301,889

Limited partners' interests were $301.9 million as at September 30, 2020, an increase of $16.1 million from December 31, 2019. Limited partners' interests in the SFR JV-1 single-family rental joint venture are classified as liabilities under the provisions of IAS 32.

Due to Affiliate

On August 26, 2020, Tricon and its subsidiary, Tricon PIPE LLC (the "Affiliate" or "LLC") entered into subscription agreements with each investor in a syndicate of investors (the "Investors"), pursuant to which the Investors subscribed for Preferred Units of the Affiliate (the "Preferred Units") for an aggregate subscription price of $300 million (the "Transaction"). The Transaction was completed on September 3, 2020, on which date the Company and the Affiliate entered into various agreements with the Investors in connection with the Transaction (together with the subscription agreements, the "Transaction Documents"). The material terms of the Transaction Documents are summarized in the Company's material change report which, together with the material Transaction Documents, is available on SEDAR at www.sedar.com.

In connection with the Transaction, the Company borrowed the subscription proceeds of $300 million from the Affiliate. This indebtedness, which is evidenced by a promissory note (the "Promissory Note" or "Due to Affiliate"), has a maturity of September 3, 2032 (permitting prepayment at any time pursuant to its terms) and bears interest at a rate of 5.75% per annum, calculated and payable quarterly for the first seven years following Closing with increases thereafter matching the applicable increases of the dividend rate applicable to the Preferred Units, described below. The Company incurred $15.0 million of transaction costs in connection with the Transaction, of which $12.2 million was capitalized, which reduced the initial fair value of the Promissory Note, and the remaining portion was expensed as it was attributed to the derivative component of the Promissory Note.

On September 3, 2020, the fair value of the Promissory Note was $262.4 million, and $37.6 million of the subscription price was allocated to the fair value of the derivative (see Derivative financial instruments in connection with the Transaction). As at September 30, 2020, the carrying value of the Due to Affiliate is $250.5 million, net of unamortized discount and transaction costs.

Derivative financial instruments in connection with the Transaction
Pursuant to the Transaction Documents, the holders of the Preferred Units have the right to exchange the Preferred Units into common shares of the Company at any time at the option of the holder (the "Exchange Right") at an initial exchange price of $8.50 (C$11.18 as of August 26, 2020) per common share, as may be adjusted from time to time in accordance with the terms of the Transaction Documents (the "Exchange Price"), subject to shareholder approval, where applicable. Holders of Preferred Units are also entitled to receive a cash dividend equal to 5.75% of the Liquidation Preference of the Preferred Units (as defined in the Transaction Documents), per annum, calculated and payable quarterly for the first seven years following closing of the Transaction ("Closing"), with a prescribed annual increase to the dividend rate of 1% per year thereafter, up to a maximum rate of 9.75% per year.

The Affiliate has the right to force the exchange (the "Forced Exchange Right") of the outstanding Preferred Units beginning after the fourth anniversary of Closing, provided the 20-day volume-weighted average price of Tricon's shares exceeds 135% of the Exchange Price (reducing to 115% following the fifth anniversary of Closing). The Affiliate also has the right to redeem the Preferred Units ("Redemption Right") at any time following the fifth anniversary of Closing for cash equal to 105% of the Liquidation Preference of the Preferred Units (as defined in the Transaction Documents).

The Promissory Note contains mandatory prepayment provisions ("Mandatory Prepayment") applicable in connection with certain provisions of the Transaction Documents requiring the redemption of all or a portion of the outstanding Preferred Units. This Mandatory Prepayment is a derivative, which incorporates assumptions in respect of the Exchange Right, Forced Exchange Right and Redemption Right, and is measured separately from the Promissory Note, with a fair value at inception of $37.6 million. From September 3, 2020 to September 30, 2020, there was a fair value gain on the derivative on the Due to Affiliate of $8.5 million, reducing the balance to $29.2 million, primarily driven by a decrease in Tricon's common share price, on a USD converted basis, from September 3rd to September 30th, which served to lower the probability of exchange of the preferred units into Tricon's common shares (see Section 3.1).

3.3 Subsequent events

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

Single-family rental
In the single-family rental business, same home occupancy for October remained stable at 97.2%. As of October 31, 2020, the Company had collected 96% of October rents and fewer than 1% of Tricon's single-family rental residents requested a rent deferral plan in October because of economic hardship. The Company continues to collect October rents and expects the percentage collected to increase. Average blended rent growth for the same home portfolio in October is on an upward trend from previous months at 5.5%, driven by 11.5% and 3.0% growth on new move-ins and renewals, respectively.

U.S. multi-family rental
In the U.S. multi-family rental business, same property occupancy for October improved to 93.3%. As of October 31, 2020, the Company had collected 95% of October rents and none of Tricon's multi-family rental residents requested a rent deferral plan in October because of economic hardship. Average blended rent growth for the same property portfolio has trended upward for the past three months, mainly driven by stronger renewal rent growth.

Quarterly dividend
On November 9, 2020, the Board of Directors of the Company declared a dividend of seven cents per common share in Canadian dollars payable on or after January 15, 2021 to shareholders of record on December 31, 2020.

SFR securitization transaction
On November 10, 2020, Tricon 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 $441 million, a weighted average coupon of 1.83% and a term to maturity of seven years. The net transaction proceeds were used to repay Tricon's 2016-1 securitized financing, refinance existing short-term single-family rental debt, and repatriate approximately $59 million for corporate debt reduction and single-family rental acquisitions. The transaction increased the weighted average time to maturity of Tricon's debt to four years.

OPERATING RESULTS OF BUSINESSES

4

4. OPERATING RESULTS OF BUSINESSES

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

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

Operational highlights by segment

The following table summarizes Tricon's proportionate share of operating results and key performance metrics for each business segment. In previous years, operating highlights by segment were disclosed on a consolidated or portfolio-wide basis, and have been recast to conform with the current period presentation. Refer to Section 5 for a reconciliation of Tricon's proportionate financial results from each segment to consolidated figures under IFRS.

For the periods ended September 30	Three months		Nine months	
(in thousands of U.S. dollars, except percentages and units)	2020	2019	2020	2019
SINGLE-FAMILY RENTAL *(Refer to Section 4.1)*				
Total rental homes managed	21,948	19,886		
Net operating income (NOI)(1)	$ 50,192	$ 44,126	$ 147,052	$ 128,372
Same home net operating income (NOI) margin(1)	66.2%	65.3%	66.0%	65.5%
Same home net operating income (NOI) growth(1)	6.3%	N/A	5.7%	N/A
Same home occupancy(1)	97.5%	95.9%		
Same home annualized turnover(1)	26.1%	30.8%		
Same home average quarterly rent growth – blended(1)	5.2%	6.2%		
MULTI-FAMILY RENTAL *(Refer to Section 4.2)*				
U.S. multi-family rental(2),(3) *– See Section 4.2.1*				
Total suites managed	7,289	7,289		
Net operating income (NOI)	$ 15,114	$ 17,165	$ 47,305	$ 50,206
Net operating income (NOI) margin	55.2%	59.6%	56.6%	58.9%
Occupancy	92.8%	95.2%		
Annualized turnover	61.8%	52.9%		
Average quarterly rent growth – blended	(2.0%)	2.1%		
Canadian multi-family rental(4) *– See Section 4.2.2*				
Total suites managed	500	–		
Net operating income (NOI)(5)	$ 212	$ –	$ 707	$ –
Net operating income (NOI) margin(5)	54.0%	–	59.6%	–
Occupancy(5)	87.1%	–		
Annualized turnover(5)	52.8%	–		
Average quarterly rent growth – blended(5)	(2.0%)	–		
RESIDENTIAL DEVELOPMENT *(Refer to Section 4.3)*				
Investments in residential developments(6)	$ 353,312	$ 403,280		
Core funds from operations (Core FFO)	4,307	1,044	$ 12,480	$ 5,164
Cash distributions from investments to Tricon	5,966	17,342	64,723	27,662
PRIVATE FUNDS AND ADVISORY *(Refer to Section 4.4)*				
Revenue from private funds and advisory services	$ 7,025	$ 10,645	$ 21,369	$ 25,935
Third-party AUM(7)	2,475,381	2,332,418		

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

(2) The financial information presented in the table includes prior-year results for comparability although Tricon's U.S. multi-family rental portfolio was acquired on June 11, 2019.

(3) For the three and nine months ended September 30, 2020, the total property results equate to same property results for the U.S. multi-family rental portfolio.

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

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

(6) Represents Tricon's investments in Canadian multi-family developments, investments in Canadian development properties and investments in for-sale housing.

(7) KPI measure; see Section 7.2.

4.1 Single-Family Rental

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

Tricon's single-family rental business produced another strong quarter of operating and financial results. The total portfolio achieved a 66.5% NOI margin, 5.1% blended rent growth, 11.6% new move-in rent growth, record-high occupancy of 97.3%, and a collections rate of approximately 99% of rent billed during the quarter. Highlights for the quarter for the same home portfolio include a 66.2% NOI margin (also a record high), 6.3% year-over-year NOI growth, 5.2% blended rent growth, 12.6% new move-in rent growth, and a record-high 97.5% occupancy.

Operating results

Exceptionally high demand for well managed high-quality rental homes situated in suburban neighbourhoods contributed to strong operating results for Tricon's single-family business this quarter amid the COVID-19 pandemic. The Company continued to take an occupancy bias in its rental strategy, and was able to attain a record-high occupancy of 97.3%. At the same time, the single-family rental business achieved strong average rent growth of 5.1%; this was comprised of 11.6% growth on new leases, reflecting strong demand and a scarcity of homes available for rent, as well as 2.4% growth on renewals, reflecting the Company's pre-existing policy of moderating rent increases for current residents. The annualized turnover rate was 26.3% during the third quarter of 2020, a 3.7% decrease from 30.0% recorded in the same period in 2019, reflecting Tricon's continued focus on customer service and resident retention. In addition, the Company resumed acquisitions midway through the quarter, closing on 388 homes. The Company expects to return to its historical level of acquisitions of approximately 800 homes in the fourth quarter, and continues to see strong opportunities across a variety of acquisition channels, in particular one-by-one buying via the Multiple Listing Service and iBuyers.

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

Proportionate operating metrics	Q3 2020	Q2 2020	Q1 2020	Q4 2019[(1)]	Q3 2019[(1)]	Q2 2019[(1)]	Q1 2019[(1)]
Rental homes	21,948	21,582	21,535	21,014	19,886	19,016	18,094
Occupancy	97.3%	97.1%	95.5%	94.5%	94.4%	95.1%	94.5%
Annualized turnover rate	26.3%	23.5%	21.4%	25.4%	30.0%	29.7%	22.3%
Average monthly rent[(2)]	$ 1,450	$ 1,432	$ 1,420	$ 1,405	$ 1,389	$ 1,371	$ 1,348
Average quarterly rent growth – renewal[(3)]	2.4%	3.2%	5.3%	5.3%	5.1%	5.2%	5.3%
Average quarterly rent growth – new move-in[(3)]	11.6%	7.5%	7.5%	5.5%	8.4%	9.1%	8.8%
Average quarterly rent growth – blended[(3)]	5.1%	4.5%	5.9%	5.3%	6.1%	6.5%	6.3%

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

(2) Average monthly rent represents average monthly rental income per unit for occupied units and reflects the impact of rent concessions amortized over the life of the related leases.

(3) Average rent growth during the period represents the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease and reflects the impact of rent concessions amortized over the life of the related lease.

4.1 Single-Family Rental

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

For the periods ended September 30 (in thousands of U.S. dollars)	Three months 2020	% of revenue	2019[1]	% of revenue	Variance	Nine months 2020	% of revenue	2019[1]	% of revenue	Variance
Rental revenue	$ 73,747		$ 66,131		$ 7,616	$ 217,206		$ 192,737		$ 24,469
Concessions and abatements	(278)		(372)		94	(905)		(1,148)		243
Fees and other revenue	2,854		2,745		109	8,050		7,121		929
Bad debt expense	(877)		(553)		(324)	(2,665)		(1,585)		(1,080)
Total revenue from rental properties	75,446	100%	67,951	100%	7,495	221,686	100%	197,125	100%	24,561
Property taxes	11,443	15%	10,766	16%	(677)	34,353	16%	31,434	16%	(2,919)
Repairs, maintenance and turnover	5,391	7%	5,280	8%	(111)	15,511	7%	14,861	8%	(650)
Property management expenses	5,225	7%	4,771	7%	(454)	15,397	7%	13,935	7%	(1,462)
Property insurance	1,151	2%	1,080	2%	(71)	3,438	2%	3,135	2%	(303)
Homeowners' association (HOA) costs	970	1%	857	1%	(113)	2,882	1%	2,365	1%	(517)
Other direct expenses	1,074	1%	1,071	2%	(3)	3,053	1%	3,023	2%	(30)
Total direct operating expenses	25,254		23,825		(1,429)	74,634		68,753		(5,881)
Net operating income (NOI)[2]	**$ 50,192**		**$ 44,126**		**$ 6,066**	**$ 147,052**		**$ 128,372**		**$ 18,680**
Net operating income (NOI) margin[2]	**66.5%**		**64.9%**			**66.3%**		**65.1%**		

(1) The comparative period has been reclassified to conform with the current period presentation.
(2) KPI measures; see Section 7.1.

NOI was $50.2 million for the three months ended September 30, 2020, an increase of $6.1 million or 13.7% compared to the same period in 2019. The variance in NOI is attributable to an increase of $7.6 million in rental revenue primarily as a result of a larger rental portfolio (Tricon's proportionate share of rental homes was 17,499 in Q3 2020 compared to 16,803 in Q3 2019) as well as higher average monthly rent ($1,450 in Q3 2020 compared to $1,389 in Q3 2019), and a 2.9% increase in occupancy. This favourable variance was partially offset by an increase in direct operating expenses of $1.4 million, reflecting increased costs associated with the larger portfolio of homes.

Managed portfolio

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

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Tricon wholly-owned homes	15,384	15,410	15,429	15,453	15,500	15,535	15,563
SFR JV-1 homes (34% TCN/66% JV Partners)	6,597	6,212	6,154	5,624	4,462	3,545	2,568
Total homes managed	21,981	21,622	21,583	21,077	19,962	19,080	18,131
Less homes held for sale	33	40	48	63	76	64	37
Rental homes	21,948	21,582	21,535	21,014	19,886	19,016	18,094
Homes acquired	388	68	538	1,162	918	977	730
Less homes disposed	(29)	(29)	(32)	(47)	(36)	(28)	(41)
Net homes acquired during the quarter[1]	359	39	506	1,115	882	949	689

(1) Of the net homes acquired during the quarter, 385 were acquired by SFR JV-1 and 29 wholly-owned homes were disposed.

Tricon acquired 388 homes (or 359 net of dispositions) during the quarter as it resumed its acquisition program mid-quarter following a temporary pause in March at the onset of the COVID-19 pandemic. As of September 30, 2020, Tricon managed 21,981 homes (21,948 rental homes and 33 homes held for sale) of which 15,384 were wholly-owned by Tricon and 6,597 were owned by SFR JV-1, where Tricon has a one-third equity interest.

4.1 Single-Family Rental

As at September 30, 2020, Tricon's single-family rental portfolio is diversified across 18 markets. Market-level details for all homes managed by Tricon are presented below.

Geography	Rental homes	Average vintage	Average total cost per home (in U.S. dollars)	Average size (sq. feet)	Tricon % ownership
Atlanta	5,068	1997	$ 156,000	1,766	81.0%
Charlotte	2,440	1998	166,000	1,587	71.8%
Nashville	932	2009	288,000	1,979	33.7%
Columbia	913	1996	135,000	1,504	66.0%
Raleigh	207	2006	207,000	1,501	33.7%
Southeast United States	**9,560**	**1998**	**$ 171,000**	**1,710**	**71.6%**
Phoenix	2,040	1995	$ 183,000	1,689	100.0%
Northern California	1,001	1970	223,000	1,304	100.0%
Las Vegas	601	1996	181,000	1,649	100.0%
Southern California	273	1962	190,000	1,302	100.0%
Reno	248	1981	180,000	1,549	100.0%
Western United States	**4,163**	**1986**	**$ 193,000**	**1,557**	**100.0%**
Dallas	1,712	1991	$ 167,000	1,580	78.0%
Houston	1,500	1993	160,000	1,611	72.4%
San Antonio	515	1998	162,000	1,616	66.1%
Texas	**3,727**	**1993**	**$ 163,000**	**1,597**	**74.1%**
Tampa	1,736	1987	$ 179,000	1,557	89.0%
Southeast Florida	699	1968	170,000	1,415	100.0%
Jacksonville	687	1994	163,000	1,520	76.4%
Orlando	458	1988	183,000	1,492	95.5%
Florida	**3,580**	**1985**	**$ 175,000**	**1,514**	**89.5%**
Indianapolis	918	2002	$ 153,000	1,644	65.2%
Midwest United States	**918**	**2002**	**$ 153,000**	**1,644**	**65.2%**
Total/Weighted average	**21,948**	**1993**	**$ 173,000**	**1,627**	**80.1%**

Operating results – Same home portfolio

"Same home" or "same home portfolio" includes homes that were stabilized 90 days prior to the first day of the prior-year comparative period as per the guidelines of the National Rental Home Council. It excludes homes that have been sold and homes that have been designated for sale. This same home portfolio is defined on January 1 of each reporting year. Based on this definition, any home included in the same home portfolio will have satisfied the conditions described above prior to September 30, 2018, and those homes are held in operations throughout the full periods presented in both 2019 and 2020.

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

For the periods ended September 30	Three months			Nine months		
(in U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Operating metrics – same home						
Tricon wholly-owned rental homes	14,821	14,821	–	14,821	14,821	–
SFR JV-1 homes (34% TCN/66% JV Partners)	530	530	–	530	530	–
Rental homes	15,351	15,351	–	15,351	15,351	–
Occupancy	97.5%	95.9%	1.6%	97.2%	96.2%	1.0%
Annualized turnover rate	26.1%	30.8%	4.7%	23.1%	27.9%	4.8%
Average monthly rent[1]	$ 1,445	$ 1,392	$ 53	$ 1,432	$ 1,374	$ 58
Average rent growth – renewal[2]	2.4%	5.0%	(2.6%)	3.5%	5.1%	(1.6%)
Average rent growth – new move-in[2]	12.6%	8.9%	3.7%	9.4%	8.1%	1.3%
Average rent growth – blended[2]	5.2%	6.2%	(1.0%)	5.2%	6.1%	(0.9%)

(1) Average monthly rent represents average monthly rental income per unit for occupied units and reflects the impact of rent concessions amortized over the life of the related leases.

(2) Average rent growth during the period represents the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease and reflects the impact of rent concessions amortized over the life of the related lease.

For the same home portfolio, blended rent growth for the quarter was 5.2% (including 12.6% on new leases and 2.4% on renewals), accompanied by a 1.6% increase in occupancy to 97.5% from 95.9% recorded in the same period in 2019. Strong demand for single-family homes, coupled with a scarcity of homes available for rent, produced outsized new-lease rent growth. This reflects new leases signed at market rates and captures an embedded loss-to-lease in the portfolio which accumulates over time as Tricon proactively moderates rent growth on renewals in order to improve resident retention. The Company's focus on retaining existing residents through excellent customer service and effective renewal management helped it achieve an annualized turnover rate of 26.1% for the three months ended September 30, 2020, compared to 30.8% turnover during the same period in 2019.

The following table provides details of the same home portfolio results for the three and nine months ended September 30, 2020 and September 30, 2019.

For the periods ended September 30	Three months					Nine months				
(in thousands of U.S. dollars)	2020	% of revenue	2019	% of revenue	Variance	2020	% of revenue	2019	% of revenue	Variance
Rental revenue	$ 63,310		$ 60,107		$ 3,203	$ 187,615		$ 178,569		$ 9,046
Concessions and abatements	(233)		(269)		36	(571)		(840)		269
Fees and other revenue	2,350		2,416		(66)	6,615		6,340		275
Bad debt expense	(745)		(496)		(249)	(2,296)		(1,471)		(825)
Total revenue from rental properties	**64,682**	**100%**	**61,758**	**100%**	**2,924**	**191,363**	**100%**	**182,598**	**100%**	**8,765**
Property taxes	10,050	16%	9,579	16%	(471)	30,180	16%	28,712	16%	(1,468)
Repairs, maintenance and turnover	4,714	7%	4,952	8%	238	13,946	7%	14,032	8%	86
Property management expenses	4,457	7%	4,331	7%	(126)	13,216	7%	12,846	7%	(370)
Property insurance	1,040	2%	978	2%	(62)	3,119	2%	2,930	2%	(189)
Homeowners' association (HOA) costs	734	1%	705	1%	(29)	2,207	1%	2,035	1%	(172)
Other direct expenses	841	1%	896	1%	55	2,340	1%	2,471	1%	131
Total direct operating expenses	**21,836**		**21,441**		**(395)**	**65,008**		**63,026**		**(1,982)**
Net operating income (NOI)	**$ 42,846**		**$ 40,317**		**$ 2,529**	**$ 126,355**		**$ 119,572**		**$ 6,783**
Net operating income (NOI) growth					**6.3%**					**5.7%**
Net operating income (NOI) margin	**66.2%**		**65.3%**			**66.0%**		**65.5%**		

Total revenue for the same home portfolio increased by $2.9 million or 4.7% to $64.7 million in the third quarter of 2020 compared to $61.8 million for the same period in the prior year. The change was primarily attributable to a $3.2 million or 5.3% increase in rental revenue as a result of higher average monthly rent ($1,445 in Q3 2020 compared to $1,392 in Q3 2019) and occupancy as noted above. These positive variances were partially offset by a $0.2 million increase in bad debt expense as the Company anticipates that a higher amount of rents will be uncollectible as a result of the COVID-19 pandemic. In addition, fees and other revenue declined by $0.1 million as a result of late fees that were not charged to many residents during the quarter in light of the pandemic.

Same home operating expenses increased by $0.4 million or 1.8% to $21.8 million in the third quarter of 2020 from $21.4 million during the same period in 2019. This variance is largely attributable to the following:

- **Property taxes** – Higher property taxes of $0.5 million or 4.9% were accrued during the period reflecting increased assessments and tax rates across the portfolio. Future tax increases are expected to be largely driven by home price appreciation; however, the ultimate impact of the current economic environment on future assessments is still unknown and Tricon is working with a property tax consultant to monitor the potential impact in future quarters.
- **Repairs, maintenance and turnover** – These costs decreased by $0.2 million or 4.8% to $4.7 million during the quarter. Turnover costs were lower by $0.5 million as fewer residents moved out during the period, whereas repairs and maintenance expenses increased by $0.3 million. While the Company continued to focus on maintaining safety protocols in the pandemic environment, there was an increase in the volume of non-emergency repairs and maintenance work orders which had been deferred from the prior quarter. Essentially all remaining deferred work orders were completed during the third quarter of 2020 or subsequent to quarter-end.
- **Property insurance** – The increase in property insurance expense of $0.1 million or 6.3% to $1.0 million was attributable to higher insurance premium rates across the industry. Property insurance contracts are negotiated and renewed annually.

With strong revenue growth and controlled expenses, same home NOI increased by 6.3% year-over-year to $42.8 million in the third quarter of 2020 compared to $40.3 million in the third quarter of 2019. Same home NOI margin increased to 66.2% in the third quarter of 2020 from 65.3% in the same period in the prior year.

As at September 30, 2020, the same home portfolio is diversified across 16 target markets. Same home market-level details are presented below.

Year-over-year comparison

		NOI(1)			NOI margin(1)		
Geography	Homes	Q3 2020	Q3 2019	Change	Q3 2020	Q3 2019	Change
Atlanta	3,696	$ 9,724	$ 9,136	6.4%	67.8%	67.4%	0.4%
Charlotte	1,514	3,895	3,662	6.4%	70.2%	70.0%	0.2%
Columbia	469	896	806	11.2%	57.1%	54.8%	2.3%
Southeast United States	**5,679**	**$ 14,515**	**$ 13,604**	**6.7%**	**67.7%**	**67.2%**	**0.5%**
Phoenix	1,766	$ 5,376	$ 5,019	7.1%	73.1%	72.8%	0.3%
Northern California	993	4,341	3,837	13.1%	78.5%	72.2%	6.3%
Las Vegas	585	1,876	1,802	4.1%	74.3%	75.0%	(0.7%)
Reno	247	1,012	975	3.8%	79.7%	80.6%	(0.9%)
Southern California	237	922	839	9.9%	69.8%	66.9%	2.9%
Western United States	**3,828**	**$ 13,527**	**$ 12,472**	**8.5%**	**75.2%**	**73.0%**	**2.2%**
Tampa	1,479	$ 4,145	$ 3,880	6.8%	61.0%	59.4%	1.6%
Southeast Florida	675	2,007	1,852	8.4%	56.6%	54.1%	2.5%
Jacksonville	465	1,172	1,134	3.4%	64.0%	64.1%	(0.1%)
Orlando	432	1,221	1,119	9.1%	64.1%	61.5%	2.6%
Florida	**3,051**	**$ 8,545**	**$ 7,985**	**7.0%**	**60.7%**	**59.0%**	**1.7%**
Dallas	1,198	$ 2,866	$ 2,749	4.3%	56.7%	55.8%	0.9%
Houston	889	1,869	1,907	(2.0%)	53.5%	55.5%	(2.0%)
San Antonio	236	520	540	(3.7%)	56.5%	60.1%	(3.6%)
Texas	**2,323**	**$ 5,255**	**$ 5,196**	**1.1%**	**55.5%**	**56.1%**	**(0.6%)**
Indianapolis	470	$ 1,004	$ 1,060	(5.3%)	59.6%	65.3%	(5.7%)
Midwest United States	**470**	**$ 1,004**	**$ 1,060**	**(5.3%)**	**59.6%**	**65.3%**	**(5.7%)**
Total/Weighted average	**15,351**	**$ 42,846**	**$ 40,317**	**6.3%**	**66.2%**	**65.3%**	**0.9%**

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

4.1 Single-Family Rental

Geography	Rental homes	Average monthly rent[1],[2]			Occupancy[1]		
		Q3 2020	Q3 2019	Change (%)	Q3 2020	Q3 2019	Change (%)
Atlanta	3,696	$ 1,334	$ 1,280	4.2%	97.7%	96.3%	1.4%
Charlotte	1,514	1,297	1,257	3.2%	97.6%	94.1%	3.5%
Columbia	469	1,187	1,159	2.4%	97.5%	93.0%	4.5%
Southeast United States	**5,679**	**$ 1,312**	**$ 1,264**	**3.8%**	**97.7%**	**95.5%**	**2.2%**
Phoenix	1,766	$ 1,375	$ 1,288	6.8%	98.5%	97.5%	1.0%
Northern California	993	1,885	1,811	4.1%	98.4%	97.6%	0.8%
Las Vegas	585	1,439	1,367	5.3%	98.0%	96.9%	1.1%
Reno	247	1,718	1,630	5.4%	98.5%	95.8%	2.7%
Southern California	237	1,873	1,773	5.6%	99.9%	97.4%	2.5%
Western United States	**3,828**	**$ 1,570**	**$ 1,488**	**5.5%**	**98.5%**	**97.3%**	**1.2%**
Tampa	1,479	$ 1,562	$ 1,520	2.8%	97.3%	95.9%	1.4%
Southeast Florida	675	1,784	1,743	2.4%	96.5%	94.6%	1.9%
Jacksonville	465	1,350	1,302	3.7%	98.0%	96.0%	2.0%
Orlando	432	1,481	1,421	4.2%	98.1%	96.6%	1.5%
Florida	**3,051**	**$ 1,568**	**$ 1,523**	**3.0%**	**97.3%**	**95.7%**	**1.6%**
Dallas	1,198	$ 1,482	$ 1,440	2.9%	96.0%	95.2%	0.8%
Houston	889	1,366	1,349	1.3%	95.0%	95.1%	(0.1%)
San Antonio	236	1,343	1,312	2.4%	94.5%	95.2%	(0.7%)
Texas	**2,323**	**$ 1,423**	**$ 1,392**	**2.2%**	**95.5%**	**95.1%**	**0.4%**
Indianapolis	470	$ 1,248	$ 1,218	2.5%	97.6%	95.0%	2.6%
Midwest United States	**470**	**$ 1,248**	**$ 1,218**	**2.5%**	**97.6%**	**95.0%**	**2.6%**
Total/Weighted average	**15,351**	**$ 1,445**	**$ 1,392**	**3.8%**	**97.5%**	**95.9%**	**1.6%**

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

(2) Average monthly rent represents average monthly rental income per unit for occupied units and reflects the impact of rent concessions amortized over the life of the related leases. The year-over-year change in average monthly rent does not equal the average quarterly rent growth, which is calculated as the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease.

Quarter-over-quarter comparison

Geography	Rental homes	Average monthly rent[1],[2] Q3 2020	Average monthly rent[1],[2] Q2 2020	Average monthly rent[1],[2] Change (%)	Occupancy[1] Q3 2020	Occupancy[1] Q2 2020	Occupancy[1] Change (%)
Atlanta	3,696	$ 1,334	$ 1,321	1.0%	97.7%	97.2%	0.5%
Charlotte	1,514	1,297	1,281	1.2%	97.6%	97.6%	–
Columbia	469	1,187	1,178	0.8%	97.5%	96.3%	1.2%
Southeast United States	**5,679**	**$ 1,312**	**$ 1,299**	**1.0%**	**97.7%**	**97.1%**	**0.6%**
Phoenix	1,766	$ 1,375	$ 1,347	2.1%	98.5%	98.3%	0.2%
Northern California	993	1,885	1,873	0.6%	98.4%	98.9%	(0.5%)
Las Vegas	585	1,439	1,424	1.1%	98.0%	98.1%	(0.1%)
Reno	247	1,718	1,699	1.1%	98.5%	97.8%	0.7%
Southern California	237	1,873	1,865	0.4%	99.9%	98.4%	1.5%
Western United States	**3,828**	**$ 1,570**	**$ 1,550**	**1.3%**	**98.5%**	**98.4%**	**0.1%**
Tampa	1,479	$ 1,562	$ 1,550	0.8%	97.3%	97.7%	(0.4%)
Southeast Florida	675	1,784	1,778	0.3%	96.5%	98.1%	(1.6%)
Jacksonville	465	1,350	1,337	1.0%	98.0%	97.0%	1.0%
Orlando	432	1,481	1,464	1.2%	98.1%	97.7%	0.4%
Florida	**3,051**	**$ 1,568**	**$ 1,556**	**0.8%**	**97.3%**	**97.7%**	**(0.4%)**
Dallas	1,198	$ 1,482	$ 1,471	0.7%	96.0%	96.9%	(0.9%)
Houston	889	1,366	1,361	0.4%	95.0%	96.4%	(1.4%)
San Antonio	236	1,343	1,330	1.0%	94.5%	96.3%	(1.8%)
Texas	**2,323**	**$ 1,423**	**$ 1,415**	**0.6%**	**95.5%**	**96.7%**	**(1.2%)**
Indianapolis	470	$ 1,248	$ 1,232	1.3%	97.6%	97.7%	(0.1%)
Midwest United States	**470**	**$ 1,248**	**$ 1,232**	**1.3%**	**97.6%**	**97.7%**	**(0.1%)**
Total/Weighted average	**15,351**	**$ 1,445**	**$ 1,431**	**1.0%**	**97.5%**	**97.6%**	**(0.1%)**

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

(2) Average monthly rent represents average monthly rental income per unit for occupied units and reflects the impact of rent concessions amortized over the life of the related leases. The year-over-year change in average monthly rent does not equal the average quarterly rent growth, which is calculated as the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease.

Geography	Rent growth[1] Renewal	New move-in	Blended
Atlanta	3.2%	17.3%	8.1%
Charlotte	2.4%	16.2%	6.2%
Columbia	2.1%	9.9%	5.4%
Southeast United States	**2.8%**	**16.2%**	**7.2%**
Phoenix	2.5%	19.4%	6.4%
Northern California	2.2%	8.8%	3.6%
Las Vegas	2.1%	14.3%	5.0%
Reno	2.1%	18.7%	4.3%
Southern California	2.3%	7.2%	2.5%
Western United States	**2.4%**	**16.0%**	**5.3%**
Tampa	2.1%	9.4%	4.5%
Southeast Florida	1.8%	6.5%	3.0%
Jacksonville	2.3%	10.1%	4.6%
Orlando	1.9%	10.5%	4.1%
Florida	**2.0%**	**9.2%**	**4.2%**
Dallas	2.9%	9.1%	4.4%
Houston	0.8%	3.6%	1.8%
San Antonio	1.7%	6.8%	4.1%
Texas	**2.2%**	**6.6%**	**3.5%**
Indianapolis	3.1%	12.5%	6.1%
Midwest United States	**3.1%**	**12.5%**	**6.1%**
Total/Weighted average	**2.4%**	**12.6%**	**5.2%**

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

Rental properties

The table below presents the change in Tricon's proportionate share of the fair value of rental properties for the nine months ended September 30, 2020 and September 30, 2019.

For the nine months ended September 30 (in thousands of U.S. dollars)	2020	2019
Cost basis of rental properties, beginning of period	$ 2,913,716	$ 2,563,505
Acquisition of rental properties	64,735	181,537
Disposition of rental properties	(12,756)	(12,862)
Renovation capital expenditures	20,977	41,793
Recurring capital expenditures	14,876	19,048
Value-enhancing capital expenditures	7,912	8,189
Total cost basis of rental properties	3,009,460	2,801,210
Cumulative fair value adjustment	764,747	610,730
Fair value of rental properties	**$ 3,774,207**	**$ 3,411,940**

For the nine months ended September 30, 2020, Tricon acquired 994 homes compared to 2,625 for the same period in the prior year, attributable to the acquisition program being paused for the majority of the period in light of COVID-19. Of the homes acquired during the period, 973 were acquired in SFR JV-1 compared to 2,459 during the same period in the prior year. As a result of the lower acquisition volume, renovation capital expenditures declined by $20.8 million or 50% year-over-year. Deferment of non-essential capital projects during the COVID-19 pandemic also led to a reduction in recurring capital expenditures of $4.2 million or 22% year-over-year.

4.1 Single-Family Rental

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

(in thousands of U.S. dollars, except cost to maintain per home and cost to maintain per square foot)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Recurring operating expense							
Repairs and maintenance operating expense	$ 4,023	$ 3,680	$ 3,655	$ 3,673	$ 3,550	$ 3,459	$ 3,108
Turnover operating expense	1,368	1,504	1,337	1,877	1,731	1,458	1,555
Total recurring operating expense	**5,391**	**5,184**	**4,992**	**5,550**	**5,281**	**4,917**	**4,663**
Recurring capital expenditures							
Repairs and maintenance capital expense	$ 5,666	$ 4,330	$ 4,136	$ 2,818	$ 4,848	$ 5,020	$ 4,104
Turnover capital expense	726	628	1,426	1,299	1,587	2,063	1,426
Total recurring capital expenditures	**6,392**	**4,958**	**5,562**	**4,117**	**6,435**	**7,083**	**5,530**
Total cost to maintain	**11,783**	**10,142**	**10,554**	**9,667**	**11,716**	**12,000**	**10,193**
Annualized recurring operating expense per home	1,238	1,193	1,160	1,317	1,277	1,204	1,381
Annualized recurring capital expense per home	1,468	1,141	1,293	977	1,555	1,734	1,164
Total annualized cost to maintain per home	**$ 2,706**	**$ 2,334**	**$ 2,453**	**$ 2,294**	**$ 2,832**	**$ 2,938**	**$ 2,545**
Total annualized cost to maintain per square foot	**$ 1.68**	**$ 1.45**	**$ 1.52**	**$ 1.42**	**$ 1.76**	**$ 1.83**	**$ 1.59**

Total cost to maintain was $11.8 million for the three months ended September 30, 2020, an increase of $0.1 million compared to the same period in the prior year, driven by higher repairs and maintenance expense on a larger portfolio of homes as well as an increase in the volume of work orders as non-essential repairs and maintenance activities deferred in the previous quarter were prioritized in the third quarter. Despite the increase in this period's cost to maintain, the annualized cost to maintain per home decreased by $126 from the same period in the prior year attributable to lower turnover costs as fewer residents moved out.

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

(in thousands of U.S. dollars)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Renovation capital expenditures(1)	$ 6,020	$ 5,952	$ 9,006	$ 11,745	$ 17,952	$ 12,561	$ 11,282
Recurring capital expenditures(2)	6,392	4,958	5,562	4,117	6,435	7,083	5,530
Value-enhancing capital expenditures(3)	2,525	2,728	2,659	3,014	2,983	2,549	2,656
Total capital expenditures	**$ 14,937**	**$ 13,638**	**$ 17,227**	**$ 18,876**	**$ 27,370**	**$ 22,193**	**$ 19,468**

(1) Renovation capital expenditures are incurred in order to prepare the property for rental use in accordance with Tricon's standards. These expenditures are either incurred shortly after acquisition on vacant homes or deferred until the resident moves out if homes are occupied when acquired.

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

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

Total capital expenditures were $14.9 million for the three months ended September 30, 2020, a decrease of $12.4 million compared to the same period in the prior year. The variance was primarily attributable to an $11.9 million decrease in renovation capital expenditures due to lower acquisition volumes in 2020, as well as a $0.5 million decrease in value-enhancing capital expenditures as a result of a targeted reduction in elective capital projects during the COVID-19 pandemic.

4.2 Multi-Family Rental

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

4.2.1 U.S. multi-family rental

Key metrics for the U.S. multi-family rental segment for the quarter include a 55.2% NOI margin, 92.8% occupancy rate and collections equal to 98% of rent billed during the quarter.

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

Operating results

During the third quarter, the Company's U.S. multi-family rental business continued to face softness in demand as a result of the COVID-19 pandemic and related economic downturn. Over the summer months, asking rents continued to decline in many of Tricon's sub-markets, to which Tricon responded by offering lower rents and/or higher concessions to maintain stable occupancy. As a result of these efforts, the Company experienced a decrease in occupancy of 0.7% as compared to the previous quarter, while achieving 1.2% rent growth on lease renewals (compared to 0% in Q2 2020) and improving but still negative rental trends on new move-ins compared to the previous quarter. This performance was exacerbated in particular by softness at assets in the Company's Texas and Florida regions. While general demand fundamentals are healthier in the Sun Belt, the portfolio has a relatively high allocation to Houston and Orlando (32% of total suites), which have been among the economies hardest hit by COVID-19. These markets faced a meaningful slowdown driven by elevated unemployment in the oil and hospitality-related industries, respectively.

The performance of the portfolio has been further impacted by three specific assets in Dallas and Atlanta which have struggled with slow leasing trends in their sub-markets and recent staffing turnover. As a result, occupancy levels have declined at these assets year-over-year in spite of reduced pricing and concessions. The properties also recorded higher bad debt in the third quarter of 2020 compared to the prior year because of restrictions on normal course evictions for non-payment of rent. These challenges resulted in NOI erosion and dragged down the overall performance results of the Company's U.S. multi-family rental portfolio.

The annualized turnover rate increased to 61.8% in the third quarter compared to 46.5% in the second quarter driven by a higher number of lease expirations in the summer months but is still on track for approximately 50% for the full year.

Similar to last quarter, the Company has maintained cost control discipline by deferring non-essential capital spending and reviewing all service contracts for cost saving opportunities. That said, it experienced an increase in utilities expense during the quarter as a result of a dramatic increase in residents working from home compared to the prior year, and recorded higher other direct costs as it expanded its ancillary service offerings to residents, for which the costs are largely offset by higher fees and other revenue.

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

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Number of suites	7,289	7,289	7,289	7,289	7,289	7,289	7,289
Occupancy(1)	92.8%	93.5%	94.4%	94.9%	95.2%	94.7%	93.1%
Annualized turnover rate	61.8%	46.5%	47.5%	51.3%	52.9%	53.5%	N/A
Average monthly rent(2),(3)	$ 1,228	$ 1,240	$ 1,244	$ 1,233	$ 1,234	$ 1,236	$ 1,232
Average quarterly rent growth – renewals(2),(4)	1.2%	–	3.4%	4.6%	4.5%	4.4%	N/A
Average quarterly rent growth – new move-in(2),(4)	(4.5%)	(5.5%)	(1.7%)	(1.7%)	–	(0.3%)	N/A
Average quarterly rent growth – blended(2),(4)	(2.0%)	(2.2%)	1.1%	1.1%	2.1%	1.9%	N/A

(1) The occupancy rate from Q2 2019 to Q3 2020 represents average physical occupancy (refer to Section 7.1 for Tricon's definition of this KPI), while the occupancy rate for Q1 2019 represents economic occupancy as previously reported by the U.S. multi-family rental portfolio under prior ownership.

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

(3) Average monthly rent represents average monthly rental income per suite for occupied suites and reflects the impact of rent concessions amortized over the life of the related leases.

(4) Average rent growth during the period represents the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease and reflects the impact of rent concessions amortized over the life of the related lease. Excluding the impact of concessions, the Q3 2020 rent growth was 1.3% for renewals, (1.6%) for new move-ins, and (0.3%) blended.

4.2 Multi-Family Rental

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

For the periods ended September 30 (in thousands of U.S. dollars)	Three months 2020	% of revenue	2019	% of revenue	Variance	Nine months 2020	% of revenue	2019	% of revenue	Variance
Rental revenue	$ 24,991		$ 25,693		$ (702)	$ 75,779		$ 76,176		$ (397)
Concessions and abatements	(902)		(209)		(693)	(1,338)		(659)		(679)
Fees and other revenue[1]	4,005		3,607		398	10,871		10,435		436
Bad debt expense	(705)		(272)		(433)	(1,690)		(760)		(930)
Total revenue from rental properties	**$ 27,389**	**100%**	**$ 28,819**	**100%**	**$ (1,430)**	**$ 83,622**	**100%**	**$ 85,192**	**100%**	**$ (1,570)**
Property taxes	4,546	17%	4,325	15%	(221)	14,205	17%	13,977	16%	(228)
Repairs, maintenance and turnover	1,163	4%	1,131	4%	(32)	3,197	4%	2,989	4%	(208)
Property management expenses	3,055	11%	3,135	11%	80	9,005	11%	9,059	11%	54
Utilities and other direct costs[2]	2,118	8%	1,762	6%	(356)	5,674	7%	4,936	6%	(738)
Property insurance	613	2%	457	2%	(156)	1,840	2%	1,421	2%	(419)
Marketing and leasing	317	1%	375	1%	58	987	1%	1,198	1%	211
Other property operating expenses	463	2%	469	2%	6	1,409	2%	1,406	2%	(3)
Total direct operating expenses	**12,275**		**11,654**		**(621)**	**36,317**		**34,986**		**1,331**
Net operating income (NOI)[3]	**$ 15,114**		**$ 17,165**		**$ (2,051)**	**$ 47,305**		**$ 50,206**		**$ (2,901)**
Net operating income (NOI) margin[3]	**55.2%**		**59.6%**			**56.6%**		**58.9%**		

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

(1) The comparative period has been reclassified to conform with the current period presentation. One-time insurance recoveries of $12 and $270 for the three and nine months ended September 30, 2019, respectively, have been reclassified out of NOI since they do not meet Tricon's definition of operating activities. The amount was previously included in revenue by the U.S. multi-family rental portfolio under prior ownership.

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

(3) KPI measures; see Section 7.1.

For the three months ended September 30, 2020, revenue decreased by $1.4 million or 5.0% to $27.4 million compared to $28.8 million for the same period in 2019. The variance is primarily a result of (i) a decrease of 2.4% in occupancy attributable to lower leasing demand during the COVID-19 pandemic, (ii) an increase of $0.7 million in leasing concessions used to attract new or retain residents (equivalent to 1.2 weeks of average rent per lease signed in Q3 2020, comprised of 1.9 weeks for new leases and 0.3 weeks for renewal leases), and (iii) incremental bad debt expense of $0.4 million as a larger percentage of accounts receivable is expected to become uncollectible as a result of the pandemic. The decrease in revenue was partially offset by $0.4 million in additional income from ancillary service offerings such as bundled media packages (largely cable and internet) and onsite or offsite parcel storage, resulting in total fees and other revenue of $4.0 million in the quarter.

Total operating expenses increased by $0.6 million or 5.3% to $12.3 million. Notable operating expense variances for the quarter include:

- **Property taxes** – Property tax expense increased by $0.2 million or 5.1% to $4.5 million, attributable to a lower 2019 comparative period expense which included a tax recovery resulting from tax appeals, as well as normal course property tax accrual increases. For the full year, Tricon expects property tax expense to increase approximately 3% year-over-year and continues to work with property tax consultants on a regular basis to monitor tax assessments and appeal them where appropriate.
- **Utilities and other direct costs** – Utilities and other direct costs increased by $0.4 million to a total of $2.1 million driven by higher utility usage during stay-at-home orders and the increased cost of providing additional ancillary services for residents, including bundled media packages. These increases were offset by higher fees and other revenue earned from residents as they are billed back for these services.
- **Property insurance** – Property insurance costs increased by $0.2 million year-over-year to $0.6 million, which is consistent with rate increases for similarly-sized portfolios in Tricon's markets and reflects a dramatic increase in insurance premiums across the industry.

As a result of the above drivers, total portfolio NOI decreased by $2.1 million or 11.9% to $15.1 million in the third quarter of 2020 compared to $17.2 million in the third quarter of 2019. NOI margin decreased to 55.2% in the third quarter of 2020 from 59.6% for the same period in the prior year. Tricon reserved 100% of residents' accounts receivable balances aged more than 30 days, incorporating management's conservative measurement when estimating the collectability of outstanding amounts. The Company also expensed all rent concessions instead of amortizing them over the expected life of the lease term. NOI in Q3 2020 would have been $15.9 million, a $1.3 million or 7.6% decrease year-over-year, if leasing concessions were reflected on an amortized basis.

Market-level results

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

Geography	Properties	Average vintage	Average cost per property	Suites	Average suite size (sq. feet)
Austin	4	2010	$ 61,684	1,454	941
Houston	3	2009	55,099	1,098	942
Dallas	2	2012	51,899	640	922
San Antonio	1	2013	39,542	276	874
Texas	**10**	**2010**	**$ 55,537**	**3,468**	**932**
Orlando	4	2012	$ 69,472	1,215	1,059
Tampa	1	2014	64,909	304	998
Florida	**5**	**2012**	**$ 68,560**	**1,519**	**1,047**
Atlanta	2	2012	$ 60,972	607	860
Charlotte	1	2015	58,919	320	973
Nashville	1	2015	47,545	288	1,085
Raleigh	1	2014	51,174	265	996
Southeast United States	**5**	**2014**	**$ 55,917**	**1,480**	**953**
Las Vegas	1	2012	$ 62,062	320	1,042
Phoenix	1	2012	54,248	274	966
Denver	1	2014	56,302	228	930
Western United States	**3**	**2013**	**$ 57,537**	**822**	**986**
Total/Weighted average	**23**	**2012**	**$ 58,712**	**7,289**	**966**

		NOI			NOI margin		
Geography	Suites	Q3 2020	Q3 2019[(1)]	Change (%)	Q3 2020	Q3 2019[(1)]	Change (%)
Austin	1,454	$ 3,046	$ 3,104	(1.9%)	54.1%	55.8%	(1.7%)
Houston	1,098	1,782	2,118	(15.9%)	48.7%	53.3%	(4.6%)
Dallas	640	903	1,171	(22.9%)	42.0%	52.1%	(10.1%)
San Antonio	276	418	493	(15.2%)	46.7%	49.7%	(3.0%)
Texas	**3,468**	**$ 6,149**	**$ 6,886**	**(10.7%)**	**49.8%**	**53.9%**	**(4.1%)**
Orlando	1,215	$ 2,828	$ 3,530	(19.9%)	57.1%	64.3%	(7.2%)
Tampa	304	798	838	(4.8%)	63.4%	66.0%	(2.6%)
Florida	**1,519**	**$ 3,626**	**$ 4,368**	**(17.0%)**	**58.3%**	**64.6%**	**(6.3%)**
Atlanta	607	$ 1,131	$ 1,548	(26.9%)	50.2%	62.4%	(12.2%)
Charlotte	320	763	777	(1.8%)	64.1%	63.5%	0.6%
Nashville	288	687	713	(3.6%)	64.1%	64.0%	0.1%
Raleigh	265	599	644	(7.0%)	59.2%	59.9%	(0.7%)
Southeast United States	**1,480**	**$ 3,180**	**$ 3,682**	**(13.6%)**	**57.6%**	**62.5%**	**(4.9%)**
Las Vegas	320	$ 766	$ 805	(4.8%)	67.2%	66.6%	0.6%
Phoenix	274	676	704	(4.0%)	62.0%	65.3%	(3.3%)
Denver	228	717	720	(0.4%)	66.3%	65.1%	1.2%
Western United States	**822**	**$ 2,159**	**$ 2,229**	**(3.1%)**	**65.2%**	**65.7%**	**(0.5%)**
Total/Weighted average	**7,289**	**$ 15,114**	**$ 17,165**	**(11.9%)**	**55.2%**	**59.6%**	**(4.4%)**

(1) Non-recurring insurance recoveries of $12 were reclassified out of Q3 2019 NOI to conform with the current period presentation.

The Houston and Orlando markets are among the economies hardest hit by COVID-19, driven by elevated unemployment in the oil and hospitality-related industries, respectively.

4.2 Multi-Family Rental

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

Year-over-year comparison

		Average monthly rent[1]			Occupancy		
Geography	Suites	Q3 2020	Q3 2019	Change (%)	Q3 2020	Q3 2019	Change (%)
Austin	1,454	$ 1,178	$ 1,165	1.1%	93.9%	96.4%	(2.5%)
Houston	1,098	1,135	1,146	(1.0%)	92.2%	94.8%	(2.6%)
Dallas	640	1,128	1,120	0.7%	91.6%	93.1%	(1.5%)
San Antonio	276	1,090	1,117	(2.4%)	93.3%	97.6%	(4.3%)
Texas	**3,468**	**$ 1,148**	**$ 1,147**	**0.1%**	**92.9%**	**95.4%**	**(2.5%)**
Orlando	1,215	$ 1,381	$ 1,416	(2.5%)	90.0%	94.9%	(4.9%)
Tampa	304	1,332	1,321	0.8%	95.2%	95.7%	(0.5%)
Florida	**1,519**	**$ 1,371**	**$ 1,397**	**(1.9%)**	**91.0%**	**95.1%**	**(4.1%)**
Atlanta	607	$ 1,313	$ 1,325	(0.9%)	92.4%	93.5%	(1.1%)
Charlotte	320	1,174	1,176	(0.2%)	93.7%	93.6%	0.1%
Nashville	288	1,191	1,202	(0.9%)	94.0%	96.4%	(2.4%)
Raleigh	265	1,194	1,202	(0.7%)	94.0%	95.3%	(1.3%)
Southeast United States	**1,480**	**$ 1,238**	**$ 1,247**	**(0.7%)**	**93.3%**	**94.4%**	**(1.1%)**
Las Vegas	320	$ 1,207	$ 1,203	0.3%	95.0%	95.3%	(0.3%)
Phoenix	274	1,233	1,207	2.2%	95.4%	94.8%	0.6%
Denver	228	1,473	1,471	0.1%	94.0%	97.2%	(3.2%)
Western United States	**822**	**$ 1,289**	**$ 1,279**	**0.8%**	**94.8%**	**95.7%**	**(0.9%)**
Total/Weighted average	**7,289**	**$ 1,228**	**$ 1,234**	**(0.5%)**	**92.8%**	**95.2%**	**(2.4%)**

(1) Average monthly rent represents average monthly rental income per suite for occupied suites and reflects the impact of rent concessions amortized over the life of the related leases. The year-over-year change in average monthly rent does not equal the average quarterly rent growth, which is calculated as the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease.

Quarter-over-quarter comparison

		Average monthly rent[1]			Occupancy		
Geography	Suites	Q3 2020	Q2 2020	Change (%)	Q3 2020	Q2 2020	Change (%)
Austin	1,454	$ 1,178	$ 1,179	(0.1%)	93.9%	94.2%	(0.3%)
Houston	1,098	1,135	1,146	(1.0%)	92.2%	92.7%	(0.5%)
Dallas	640	1,128	1,151	(2.0%)	91.6%	92.7%	(1.1%)
San Antonio	276	1,090	1,115	(2.2%)	93.3%	94.6%	(1.3%)
Texas	**3,468**	**$ 1,148**	**$ 1,158**	**(0.9%)**	**92.9%**	**93.5%**	**(0.6%)**
Orlando	1,215	$ 1,381	$ 1,402	(1.5%)	90.0%	92.8%	(2.8%)
Tampa	304	1,332	1,327	0.4%	95.2%	94.5%	0.7%
Florida	**1,519**	**$ 1,371**	**$ 1,386**	**(1.1%)**	**91.0%**	**93.1%**	**(2.1%)**
Atlanta	607	$ 1,313	$ 1,331	(1.4%)	92.4%	92.7%	(0.3%)
Charlotte	320	1,174	1,180	(0.5%)	93.7%	94.7%	(1.0%)
Nashville	288	1,191	1,206	(1.2%)	94.0%	93.6%	0.4%
Raleigh	265	1,194	1,188	0.5%	94.0%	94.7%	(0.7%)
Southeast United States	**1,480**	**$ 1,238**	**$ 1,248**	**(0.8%)**	**93.3%**	**93.6%**	**(0.3%)**
Las Vegas	320	$ 1,207	$ 1,213	(0.5%)	95.0%	93.4%	1.6%
Phoenix	274	1,233	1,250	(1.4%)	95.4%	93.7%	1.7%
Denver	228	1,473	1,484	(0.7%)	94.0%	94.0%	–
Western United States	**822**	**$ 1,289**	**$ 1,301**	**(0.9%)**	**94.8%**	**93.7%**	**1.1%**
Total/Weighted average	**7,289**	**$ 1,228**	**$ 1,240**	**(1.0%)**	**92.8%**	**93.5%**	**(0.7%)**

(1) Average monthly rent represents average monthly rental income per suite for occupied suites and reflects the impact of rent concessions amortized over the life of the related leases. The quarter-over-quarter change in average monthly rent does not equal the average quarterly rent growth, which is calculated as the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease.

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

	Rent growth[1]		
Geography	Renewal	New move-in	Blended
Austin	2.2%	(0.1%)	1.0%
Houston	0.7%	(9.1%)	(4.3%)
Dallas	1.7%	(7.3%)	(3.7%)
San Antonio	(0.5%)	(10.4%)	(5.6%)
Texas	**1.4%**	**(5.1%)**	**(2.1%)**
Orlando	0.1%	(10.6%)	(6.5%)
Tampa	2.2%	6.4%	4.3%
Florida	**0.5%**	**(7.2%)**	**(4.3%)**
Atlanta	1.3%	0.1%	0.7%
Charlotte	1.3%	(0.2%)	0.5%
Nashville	0.2%	(1.0%)	(0.4%)
Raleigh	2.9%	(0.6%)	0.8%
Southeast United States	**1.4%**	**(0.3%)**	**0.4%**
Las Vegas	1.9%	(0.4%)	0.6%
Phoenix	2.8%	1.6%	2.2%
Denver	1.7%	(1.6%)	(0.1%)
Western United States	**2.1%**	**–**	**0.9%**
Total/Weighted average	**1.2%**	**(4.5%)**	**(2.0%)**

(1) Average rent growth during the quarter represents the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease and reflects the impact of rent concessions amortized over the life of the related lease.

Rental properties

The table below presents the change in the fair value of rental properties for the nine months ended September 30, 2020.

For the nine months ended September 30 (in thousands of U.S. dollars)	2020
Cost basis of rental properties, beginning of period	$ 1,344,844
Recurring capital expenditures	3,498
In-suite value-enhancing capital expenditures	1,066
Common area value-enhancing capital expenditures	959
Total cost basis of rental properties	**$ 1,350,367**
Cumulative fair value adjustment[1]	(22,535)
Fair value of rental properties	**$ 1,327,832**

(1) The Company determined the fair value of each investment property using the direct income capitalization approach.

For the nine months ended September 30, 2020, in-suite value-enhancing capital expenditures of $1.1 million were incurred predominantly for flooring and kitchen upgrades, installation of smart home technology, upgraded stainless steel washer and dryer units as well as environmental initiatives including water-efficient appliance fixtures and irrigation control systems.

In addition, $1.0 million was invested to improve common area amenities, including pool, landscaping, model suite upgrades, pet facilities and clubhouse renovations in order to provide a more enjoyable living experience to residents. In the second quarter, the Company temporarily suspended the majority of value-enhancing capital expenditures as resident demand for premium upgrades decreased due to the COVID-19 pandemic. Tricon intends to resume capital projects to improve select common area amenities and to upgrade select suites in the fourth quarter of 2020.

The following table provides details regarding costs to maintain for the three months ended September 30, 2020 and applicable comparative periods. The financial information presented in the two tables below includes prior-year results reported for comparability, although Tricon did not own the portfolio prior to June 11, 2019. Management believes this information is useful in understanding the performance of the acquired portfolio.

(in thousands of U.S. dollars, except cost to maintain per suite and cost to maintain per square foot)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Recurring operating expense							
Repairs and maintenance operating expense	$ 1,051	$ 874	$ 935	$ 976	$ 981	$ 880	$ 834
Turnover operating expense	112	70	155	143	150	92	52
Total recurring operating expense	**1,163**	**944**	**1,090**	**1,119**	**1,131**	**972**	**886**
Recurring capital expenditures							
Repairs and maintenance capital expense	538	464	445	745	479	508	287
Turnover capital expense	961	462	628	962	946	758	771
Total recurring capital expenditures	**1,499**	**926**	**1,073**	**1,707**	**1,425**	**1,266**	**1,058**
Total cost to maintain	**$ 2,662**	**$ 1,870**	**$ 2,163**	**$ 2,826**	**$ 2,556**	**$ 2,238**	**$ 2,324**
Annualized recurring operating expense per suite	638	518	598	614	621	533	486
Annualized recurring capital expense per suite	823	508	589	937	782	695	581
Total annualized cost to maintain per suite	**$ 1,461**	**$ 1,026**	**$ 1,187**	**$ 1,551**	**$ 1,403**	**$ 1,228**	**$ 1,067**
Total annualized cost to maintain per square foot	**$ 1.51**	**$ 1.06**	**$ 1.23**	**$ 1.61**	**$ 1.45**	**$ 1.27**	**$ 1.10**

Total cost to maintain increased by $0.1 million to $2.7 million for the three months ended September 30, 2020 compared to the same period in the prior year. Properties experienced an increase in the number of work orders as non-essential repairs and maintenance activities deferred from the previous quarters due to the COVID-19 pandemic were addressed in the third quarter.

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

(in thousands of U.S. dollars)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Recurring capital expenditures(1)	$ 1,499	$ 926	$ 1,073	$ 1,707	$ 1,425	$ 1,266	$ 1,058
In-suite value-enhancing capital expenditures(2)	189	393	484	709	585	502	592
Common area value-enhancing capital expenditures(2)	250	256	453	870	594	578	679
Total capital expenditures	**$ 1,938**	**$ 1,575**	**$ 2,010**	**$ 3,286**	**$ 2,604**	**$ 2,346**	**$ 2,329**

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

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

Total capital expenditures were $1.9 million for the three months ended September 30, 2020, a decrease of $0.7 million compared to the same period in the prior year attributable to management's decision to temporarily delay value-enhancing capital expenditures.

4.2.2 Canadian multi-family rental – The Selby

As at September 30, 2020, Tricon's Canadian multi-family rental portfolio included its first operating building, The Selby, located in downtown Toronto. The Selby was substantially completed and approached stabilization and was therefore reclassified from the Residential Development segment (Section 4.3) to the Multi-Family Rental segment for internal and external reporting purposes during the first quarter of 2020.

Operating results

Similar to the U.S. multi-family rental business, the Company's Canadian multi-family rental business has experienced a softening in demand fundamentals as a result of the COVID-19 pandemic. The combination of curtailed immigration, ongoing and elevated unemployment, and stay-at-home orders continues to put downward pressure on rental demand in the Toronto market. This was further exacerbated by higher supply, attributed to increased rental listings of vacant condominium units in recently completed buildings and units that have been withdrawn from short-term rental inventory and repositioned as long-term rentals. The number of condominium units listed for rent during the quarter doubled compared to last year and new condominium building registrations were three times higher than a year ago, with the latter representing close to 15% of the growth in overall rental supply over the past year (source: Urbanation, GTA Rental Report Q3 2020). The muted demand and additional supply has increased competition among rental housing providers. As such, pressure on rental rates and one-month leasing concessions have become commonplace in the market. Despite these challenges, purpose-built rental properties have performed better than condominium rental properties in terms of average rent, occupancy and renewal rates as residents pursue a flight to quality and the benefits of professionally managed buildings.

During the third quarter, the Company continued with a number of marketing initiatives to secure new residents while delivering virtual programming events to existing residents to support renewals. These included virtual tours, increased sales training for on-site staff, targeted digital advertising campaigns to drive prospective resident traffic, and the use of incentives, leading to an increase in the number of new leases signed during the quarter compared to the previous quarter. The improved leasing performance kept occupancy relatively stable despite higher turnover as more leases expired during the summer months.

Key metrics for the quarter include a 54.0% NOI margin and 87.1% occupancy. Management expects an NOI margin of approximately 70% once the property stabilizes under normalized economic circumstances (see "Non-IFRS measures and forward-looking statements" on page 1). The Company offered concessions and adjusted new and renewal lease pricing to maintain occupancy, resulting in a nominal decline in average rent growth from the previous quarter. Rent collections remained strong during the quarter at approximately 98% as at September 30, 2020. Tricon's property management team remains focused on resident retention by working with residents on renewal plans that suit their needs. For residents most impacted by the COVID-19 pandemic, a financial aid program is available on a case-by-case basis, although no residents are currently participating in this program.

4.2 Multi-Family Rental

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

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

	Q3 2020	Q2 2020	Q1 2020
Number of suites	500	500	500
Occupancy	87.1%	88.2%	85.8%
Annualized turnover rate	52.8%	27.2%	10.4%
Average monthly rent(1)	$ 2,664	$ 2,675	$ 2,666
Average quarterly rent growth – renewals(2)	(0.7%)	0.8%	2.2%
Average quarterly rent growth – new move-in(2)	(3.8%)	–	4.2%
Average quarterly rent growth – blended(2)	(2.0%)	0.7%	2.4%

(1) Average monthly rent represents average monthly rental income per suite for occupied suites and reflects the impact of rent concessions amortized over the life of the related leases.

(2) Average rent growth during the period represents the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease and reflects the impact of rent concessions amortized over the life of the related lease. Excluding the impact of concessions, the Q3 2020 rent growth was (0.1%) for renewals, (1.5%) for new move-ins, and (0.7%) blended.

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

(in thousands of Canadian dollars, unless otherwise indicated)	For the three months ended September 30, 2020	% of revenue	For the nine months ended September 30, 2020	% of revenue
Rental revenue	$ 531		$ 1,591	
Concessions and abatements	(35)		(55)	
Fees and other revenue(1)	31		94	
Bad debt expense	(12)		(28)	
Total revenue from rental properties	**$ 515**	**100%**	**$ 1,602**	**100%**
Property taxes	50	10%	153	10%
Repairs, maintenance and turnover	27	5%	83	5%
Property management expenses	59	11%	181	11%
Utilities	32	6%	88	5%
Property insurance	19	4%	54	3%
Marketing and leasing	32	6%	56	3%
Other property operating expense	18	3%	32	2%
Total direct operating expenses	**237**		**647**	
Net operating income (NOI)	**$ 278**		**$ 955**	
Net operating income (NOI) margin	**54.0%**		**59.6%**	
Net operating income (NOI)(1)	**US$ 212**		**US$ 707**	

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

(2) The weighted average USD/CAD exchange rate used to present the multi-family rental portfolio NOI was 1.3113 and 1.3517 for the three and nine months ended September 30, 2020, respectively.

For the three months ended September 30, 2020, Tricon's share of revenue generated by The Selby was C$0.5 million, attributable to average monthly rent of C$2,664 per suite and occupancy of 87.1%. Operating expenses of C$0.2 million for the quarter remained in line with the second quarter of 2020. NOI for the three months ended September 30, 2020 was C$0.3 million, reflecting an NOI margin of 54.0%.

4.3 Residential Development

Tricon's Residential Development business segment currently includes (i) new Class A multi-family rental apartments in Canada that are in the development and construction stages, and which Tricon intends to own long-term following completion, and (ii) legacy investments in for-sale housing development projects predominantly in the U.S. Once construction is complete and lease-up stabilization occurs, newly built Canadian multi-family rental apartments will transition from the Residential Development segment to Tricon's multi-family rental business segment.

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

As at (in thousands of U.S. dollars)	September 30, 2020	December 31, 2019
Investments in Canadian multi-family developments[1] – See Section 4.3.1	$ 63,384	$ 75,141
Canadian development properties, net of debt[2] – See Section 4.3.1	37,456	22,021
Investments in for-sale housing – See Section 4.3.2	167,023	300,653
Net investments in residential developments	**267,863**	**397,815**
Other net assets[3]	9,716	3,471
Net assets attributable to Tricon – see Section 5	**$ 277,579**	**$ 401,286**

(1) Includes Tricon's investment in The Taylor, The Ivy, West Don Lands and 7 Labatt, where Tricon is a co-investor in each project alongside institutional partners. The comparative balance also includes The Selby.

(2) Refers to the net assets of The James (Scrivener Square) and The Shops of Summerhill, which are wholly-owned by Tricon as of June 23, 2020. As of September 30, 2020, the net assets of $37,456 include development properties of $103,367 less debt of $64,800 and other net liabilities of $1,111.

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

4.3 Residential Development

4.3.1 Canadian Class A multi-family developments

Tricon is focused on developing, owning and operating the leading portfolio of Class A rental apartments in the Greater Toronto Area. The Company is one of the most active rental developers in downtown Toronto with eight projects totalling 3,739 units (including some condominium units) under construction or in pre-construction as at September 30, 2020, in addition to 500 units at The Selby, which is now essentially stabilized. The Company's portfolio also includes an existing commercial property, The Shops of Summerhill, adjacent to one of its multi-family development properties.

As at September 30, 2020, the carrying value of Tricon's net assets in its Canadian multi-family development portfolio was $100.8 million. The following table shows the net assets by project.

		September 30, 2020				December 31, 2019			
(in thousands of U.S. dollars)		Tricon's share of property value	Tricon's share of debt and lease obligations(1)	Tricon's share of net working capital and other items	Tricon's net assets(2)	Tricon's share of property value	Tricon's share of debt and lease obligations(1)	Tricon's share of net working capital and other items	Tricon's net assets(2)
Projects in pre-construction									
The James (Scrivener Square)	B	$ 68,321	$ (45,312)	$ (2,399)	$ 20,610	$ 25,170	$ (10,779)	$ 289	$ 14,680
7 Labatt	A	23,714	(8,413)	75	15,376	23,593	(8,640)	66	15,019
West Don Lands – Blocks 3/4/7	A	8,717	(5,095)	(1,455)	2,167	6,121	(5,075)	201	1,247
West Don Lands – Block 20	A	3,601	(2,974)	268	895	3,117	(2,963)	129	283
West Don Lands – Block 10(3)	A	598	–	2,262	2,860	–	–	1,689	1,689
Subtotal – Projects in pre-construction		**$ 104,951**	**$ (61,794)**	**$ (1,249)**	**$ 41,908**	**$ 58,001**	**$ (27,457)**	**$ 2,374**	**$ 32,918**
Projects under construction									
The Taylor (57 Spadina)	A	$ 29,842	$ (10,249)	$ (305)	$ 19,288	$ 27,088	$ (7,297)	$ 18	$ 19,809
West Don Lands – Block 8	A	32,563	(24,309)	(1,109)	7,145	13,047	(16,954)	5,784	1,877
The Ivy (8 Gloucester)	A	16,788	(1,057)	(78)	15,653	15,046	–	438	15,484
Subtotal – Projects under construction		**$ 79,193**	**$ (35,615)**	**$ (1,492)**	**$ 42,086**	**$ 55,181**	**$ (24,251)**	**$ 6,240**	**$ 37,170**
Projects in lease-up									
The Selby (592 Sherbourne)(4)	A	$ –	$ –	$ –	$ –	$ 37,167	$ (17,645)	$ 211	$ 19,733
Subtotal – Projects in lease-up		**$ –**	**$ –**	**$ –**	**$ –**	**$ 37,167**	**$ (17,645)**	**$ 211**	**$ 19,733**
Stabilized projects									
The Shops of Summerhill	B	$ 35,046	$ (19,488)	$ 1,288	$ 16,846	$ 10,455	$ (3,149)	$ 35	$ 7,341
Subtotal – Stabilized projects		**$ 35,046**	**$ (19,488)**	**$ 1,288**	**$ 16,846**	**$ 10,455**	**$ (3,149)**	**$ 35**	**$ 7,341**
Total		**$ 219,190**	**$ (116,897)**	**$ (1,453)**	**$100,840**	**$ 160,804**	**$ (72,502)**	**$ 8,860**	**$ 97,162**
Investments in Canadian multi-family developments	A	$ 115,823	$ (52,097)	$ (342)	$ 63,384	$ 125,179	$ (58,574)	$ 8,536	$ 75,141
Canadian development properties, net of debt(5)	B	103,367	(64,800)	(1,111)	37,456	35,625	(13,928)	324	22,021
Total		**$ 219,190**	**$ (116,897)**	**$ (1,453)**	**$100,840**	**$ 160,804**	**$ (72,502)**	**$ 8,860**	**$ 97,162**

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

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

(3) Tricon's share of net working capital and other items in West Don Lands – Block 10 includes the purchase price paid to third-party partners for ownership in the partnership and cash on hand.

(4) The Selby was reclassified from property under development to income-producing property during the first quarter of 2020, and therefore removed from the Residential Development segment disclosure.

(5) On June 23, 2020, Tricon acquired the remaining 50% and 75% of The James and The Shops of Summerhill, respectively, for cash of $7,643 and recognized an additional $65,782 of property value, $53,261 of debt and net working deficit of $4,878.

Project details and projections

The tables in this subsection provide a summary of certain details and projections for Canadian Class A multi-family development projects that management uses to evaluate the ongoing performance of these projects over time and relative to industry peers. The Canadian multi-family development segment targets a development yield spread (net operating income/project cost) of approximately 100 basis points over the yield available on core assets, and is expected to deliver a 4.75% yield at the stabilization of the portfolio. Projected units, rentable area, costs and timelines are estimated based on current project plans which are subject to change. Refer to page 1, "Non-IFRS measures and forward-looking statements".

As at September 30, 2020, the Canadian multi-family development portfolio consisted of 3,739 projected rental and condominium units. The current status of these units is presented below:

	Projected rental and condominium units	
As at	September 30, 2020	December 31, 2019
Pre-construction	2,451	2,541
Construction	1,288	286
Lease-up	–	500
Total	**3,739**	**3,327**

	Neighbourhood/ Major intersections in Toronto	Fee simple interest/ ground lease	Tricon's percentage interest	Projected units(1)	Estimated commercial area (sq. feet)
Projects in pre-construction					
The James (Scrivener Square)	Rosedale	Fee simple interest	100%	136	31,000
7 Labatt	Downtown East – Corktown	Fee simple interest	30%	545	51,000
West Don Lands – Blocks 3/4/7	Downtown East – Distillery District	Ground lease	33%	870	39,000
West Don Lands – Block 20	Downtown East – Distillery District	Ground lease	33%	661	250,000
West Don Lands – Block 10	Downtown East – Distillery District	Ground lease(2)	33%	239	TBD
Subtotal – Projects in pre-construction				**2,451**	**371,000**
Projects under construction					
The Taylor (57 Spadina)	Entertainment District	Fee simple interest	30%	286	44,000
West Don Lands – Block 8	Downtown East – Distillery District	Ground lease	33%	770	4,000
The Ivy (8 Gloucester)	Yonge & Bloor	Fee simple interest	47%	232	1,600
Subtotal – Projects under construction				**1,288**	**49,600**
Total				**3,739**	**420,600**

(1) Includes projected rental and condominium units.
(2) The ground lease for West Don Lands – Block 10 is under contract and is in force upon the severance of the leased premises from a broader land parcel.

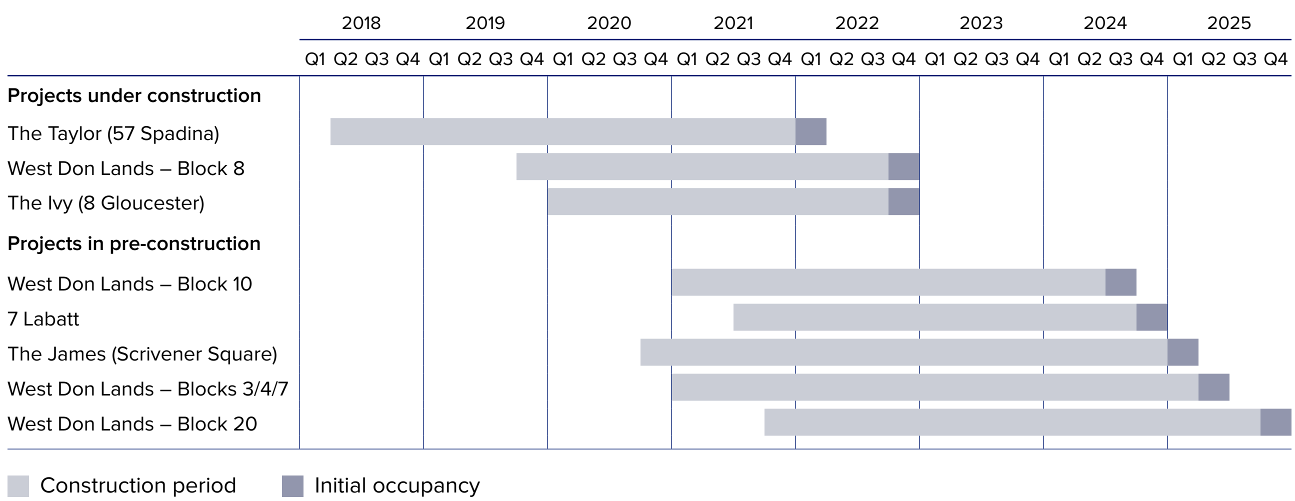
4.3 Residential Development

(in thousands of U.S. dollars)	Cost to date	Projected remaining costs	Projected total cost	Percentage completed(1)	Tricon’s unfunded equity commitment(2)
Projects in pre-construction					
The James (Scrivener Square)	$ 65,000	$ 188,000	$ 253,000	7%	$ 60,431
7 Labatt	59,000	214,000	273,000	3%	7,922
West Don Lands – Blocks 3/4/7	5,000	378,000	383,000	1%	12,672
West Don Lands – Block 20	2,000	354,000	356,000	–	672
West Don Lands – Block 10	2,000	88,000	90,000	2%	6,737
Subtotal – Projects in pre-construction	**133,000**	**1,222,000**	**1,355,000**		**88,434**
Projects under construction					
The Taylor (57 Spadina)	66,000	56,000	122,000	42%	–
West Don Lands – Block 8	47,000	221,000	268,000	17%	–
The Ivy (8 Gloucester)	29,000	79,000	108,000	6%	–
Subtotal – Projects under construction	**142,000**	**356,000**	**498,000**		**–**
Total	**$ 275,000**	**$ 1,578,000**	**$ 1,853,000**		**$ 88,434**

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

(2) West Don Lands – Block 8 has a construction loan facility of $268,000 and therefore Tricon does not expect to fund its remaining equity commitment of $16,106.

The projected timelines for construction and lease-up of Tricon’s Canadian multi-family development projects are presented below (see “Non-IFRS measures and forward-looking statements” on page 1).



Performance overview – projects in pre-construction

At **The James**, the release of the final form zoning by-law is imminent. Tricon is working with the Toronto Transit Commission to finalize construction documentation and thereby obtain initial building permits. Demolition is expected to commence in the fourth quarter of 2020, with shoring and excavation following in early 2021.

The **West Don Lands** master-plan consists of four projects – Block 8 (currently under construction), Blocks 3/4/7, Block 20, and Block 10. Entitlements continue to advance at **Blocks 3/4/7** and zoning approval is expected to be received in the fourth quarter of 2020. Tricon and its joint venture partners are in advanced discussions with Canada Mortgage and Housing Corporation for a construction loan for the project, and a firm commitment will be contingent upon successful zoning. At **Block 20**, the rezoning application and official plan amendments for a mixed-use development are under review with City of Toronto staff. As proposed, the development will include 661 rental units, 30% of which will be affordable units, and approximately 250,000 square feet of commercial space. At **Block 10**, municipal approval has been obtained to create a distinct development land parcel. The project is fully zoned and will include a multi-family rental building with 239 rental units, along with Toronto’s first purpose-built Indigenous hub. Once part lot control is completed, the joint venture partners together will control over eleven acres of prime land within the West Don Lands, one of the largest and most significant rental communities in Canada.

At **7 Labatt**, the project team continues to advance the site plan approval process, including refining the architectural design. As a result of COVID-19 and an overall market-wide slowdown, the scheduled launch of the condominium sales process has been delayed, which in turn has pushed back the scheduled start of construction until the second half of 2021.

4.3 Residential Development

Performance overview – projects under construction
As a result of the Province of Ontario deeming residential construction an essential service on May 4, 2020, COVID-19 has only had a nominal impact on the development timelines of Tricon's projects under construction.

At **The Taylor**, forming has progressed to the 12th floor and installation of the building's precast masonry façade has commenced. The project is expected to "top off" in early 2021, with first resident move-ins slated for early 2022 and construction completion in mid-2022.

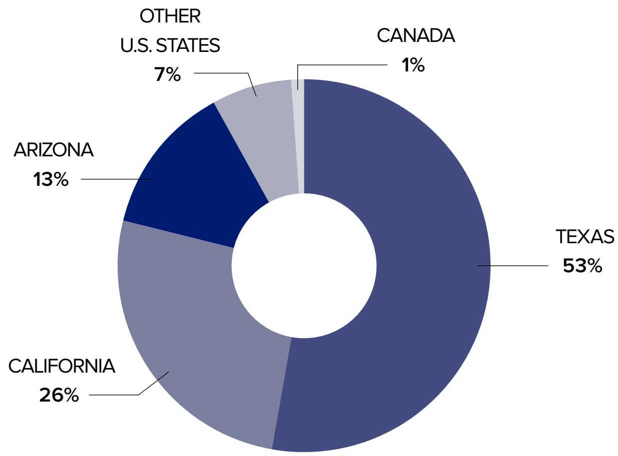
At **Block 8** of the West Don Lands, forming of the below-grade structure is well underway and is on track to reach grade before the end of 2020.

At **The Ivy**, demolition is now complete and shoring and excavation has commenced. Forming is expected to start in the fourth quarter of 2020 and the construction loan is scheduled to close before the end of the year.

4.3.2 Investments in for-sale housing

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

INVESTMENTS IN FOR-SALE HOUSING BY LOCATION



Investment performance

As part of its strategic shift towards becoming a rental housing company, Tricon intends to decrease its balance sheet investments in its for-sale housing business over time through natural liquidation, and where possible, the strategic disposition of assets. As of September 30, 2020, Tricon's investments in for-sale housing are being carried at a fair value of $167.0 million, representing approximately 2.5% of Tricon's total balance sheet assets. During the quarter, investments in for-sale housing distributed $6.0 million to Tricon.

Tricon recognized a significant write-down of its investments in connection with its for-sale housing business in the first quarter of 2020 under the context of a precipitous drop in sales in late March and uncertainty over the timing of future cash flows. Since then, sales in most projects have recovered to pre-COVID-19 levels as strong de-urbanization trends and historically low mortgage rates have encouraged home buying in the suburbs and potentially brought forward demand. This has resulted in strong investment income of $4.5 million for the three months ended September 30, 2020 which could persist, provided that fundamentals for the business remain healthy.

Project details and projections

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

(in thousands of U.S. dollars)	Advances to date	Distributions to date(1)	Tricon's fair value of investment	Projected distributions net of advances remaining(2)
For-sale housing investments	$ 519,465	$ 439,551	$ 167,023	$ 319,382

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

For-sale housing investments are structured as self-liquidating investments generally with cash flows generated as land, lots or homes are sold to third-party buyers (typically large homebuilders or commercial developers in the case of land and end consumers for homebuilding). For-sale housing investments now represent approximately 2.5% of total assets but are still expected to generate approximately $319 million of net cash flow to Tricon over the next ten years.

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

(in thousands of U.S. dollars)	1 to 2 years	3 to 5 years	More than 5 years	Total
Projected distributions net of advances remaining	$ 53,079	$ 135,887	$ 130,416	$ 319,382

4.4 Private Funds and Advisory

Through its private funds and advisory ("PF&A") business, Tricon earns fees from managing third-party capital co-invested in its real estate assets. Activities of this segment include providing asset management, property management and development management services. In aggregate, Tricon manages $2.5 billion of third-party capital across its business segments and intends to continue raising and managing third-party capital to generate scale and drive operational synergies, diversify its investor base, capitalize on opportunities that would otherwise be too large for the Company, reduce its balance sheet exposure to development activities, and enhance Tricon's return on equity by earning asset management and other fees.

The Company is currently in advanced negotiations with institutional investors to syndicate up to a two-thirds interest in the U.S. multi-family rental portfolio in order to enhance private funds and advisory revenue with fees earned from the new investment vehicle, and to use the net syndication proceeds to further the Company's deleveraging goals. The Company also intends to pursue a new investment vehicle with third-party investors to finance the future expansion of its multi-family portfolio in the U.S.

Performance overview

The following table provides details of revenue from private funds and advisory services for the three and nine months ended September 30, 2020.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Asset management fees[1]	$ 2,045	$ 2,809	$ (764)	$ 6,864	$ 8,757	$ (1,893)
Performance fees[2]	700	2,982	(2,282)	1,145	4,883	(3,738)
Development fees[3]	4,031	4,638	(607)	12,645	11,860	785
Property management fees[4]	249	216	33	715	435	280
Revenue from private funds and advisory services	**$ 7,025**	**$ 10,645**	**$ (3,620)**	**$ 21,369**	**$ 25,935**	**$ (4,566)**

(1) Ranges typically from 1–2% of committed or invested capital throughout the lives of the Investment Vehicles under management.
(2) Calculated as approximately 20% (in most cases) of net cash flow after investors' capital has been returned, together with a pre-tax preferred return on capital of, typically, between 8% and 10%.
(3) Calculated as 2–5% of the sales price of single-family lots, residential land parcels and commercial land within master-planned communities, and 4–5% of overall development costs of Canadian multi-family rental apartments.
(4) Includes property management fees of 4% of rental revenue from Canadian multi-family rental properties and other ancillary fees.

Revenue from private funds and advisory services for the three and nine months ended September 30, 2020 decreased by $3.6 million and $4.6 million, respectively, compared to the same periods in the prior year. Refer to the variance commentary in Section 3.1 for more details.

Future performance fees

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

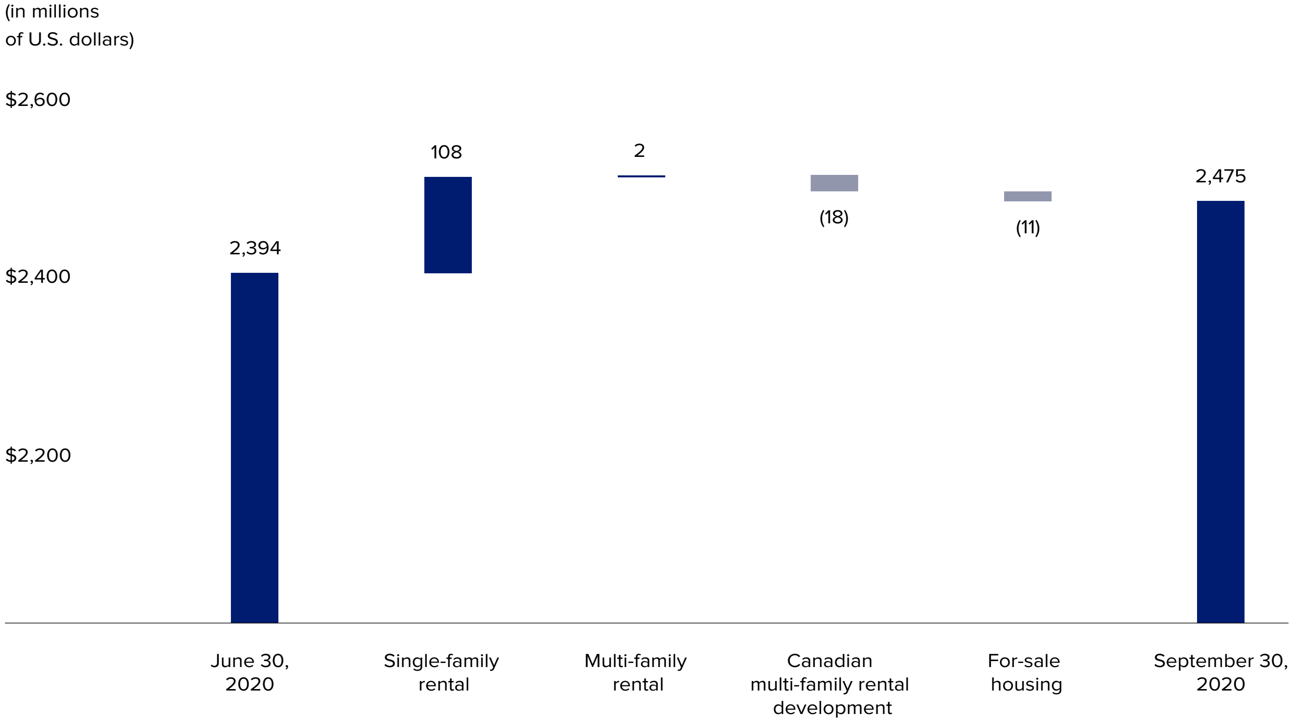
(in thousands of U.S. dollars)	1 to 2 years	3 to 5 years	More than 5 years	Total
Single-family rental	$ –	$ –	$ 38,335	$ 38,335
Canadian multi-family rental developments	–	–	20,293	20,293
For-sale housing	4,126	9,242	8,917	22,285
Estimated future performance fees	**$ 4,126**	**$ 9,242**	**$ 67,545**	**$ 80,913**

4.4 Private Funds and Advisory

Assets under management

Third-party AUM increased by $81.5 million or 3% to $2.5 billion as at September 30, 2020, from $2.4 billion as at June 30, 2020. Refer to Section 7.2 for a definition of AUM.

CHANGES IN THIRD-PARTY AUM



The primary changes in third-party AUM since June 30, 2020 were:

- An increase of $108.4 million in single-family rental AUM, driven primarily by a new securitization transaction used to support the growing portfolio of SFR JV-1 single-family rental homes. This transaction increased the outstanding property-level debt, which is a component of single-family rental AUM (see Section 7.2).
- An increase of $1.9 million in multi-family rental AUM, driven primarily by favourable foreign exchange adjustments on The Selby.
- An offsetting decrease of $17.9 million in Canadian multi-family rental developments AUM, primarily attributable to a decrease in expected equity funding required for West Don Lands.
- An additional decrease of $10.9 million in for-sale housing AUM, driven by distributions to third-party investors.

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

(in thousands of U.S. dollars)	September 30, 2020(1)	June 30, 2020(1)	March 31, 2020(1)	December 31, 2019(1)	September 30, 2019(1)	June 30, 2019(1)	March 31, 2019(1)
Single-family rental	**$ 1,042,386**	**$ 933,947**	**$ 935,134**	**$ 858,723**	**$ 738,717**	**$ 673,754**	**$ 609,957**
Multi-family rental	**134,527**	**132,666**	**127,780**	**–**	**–**	**–**	**–**
Residential development							
Canadian multi-family rental developments	208,933	226,812	242,244	379,812	369,078	364,062	345,576
For-sale housing	1,089,535	1,100,417	1,175,016	1,196,075	1,224,623	804,686	836,330
Residential development	**1,298,468**	**1,327,229**	**1,417,260**	**1,575,887**	**1,593,701**	**1,168,748**	**1,181,906**
Third-party AUM	**$ 2,475,381**	**$ 2,393,842**	**$ 2,480,174**	**$ 2,434,610**	**$ 2,332,418**	**$ 1,842,502**	**$ 1,791,863**

(1) USD/CAD exchange rates used at each balance sheet date are: at September 30, 2020: 1.3339; June 30, 2020: 1.3628; March 31, 2020: 1.4187; December 31, 2019: 1.2988; September 30, 2019: 1.3243; June 30, 2019: 1.3087; March 31, 2019: 1.3363.

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

(in thousands of U.S. dollars)	Outstanding invested capital (at cost)	Share of outstanding project debt	Unfunded equity commitment(1)	Third-party AUM as at September 30, 2020
Single-family rental(2)	$ 314,728	$ 637,481	$ 90,177	$ 1,042,386
Multi-family rental(3)	38,532	95,995	–	134,527
Canadian multi-family rental developments(4)	71,530	78,278	59,125	208,933
For-sale housing(5)	626,940	–	462,595	1,089,535
Total	**$ 1,051,730**	**$ 811,754**	**$ 611,897**	**$ 2,475,381**

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

(2) Single-family rental includes SFR JV-1. Limited partners' share of the outstanding debt includes their share of the JV-1 warehouse credit facility, JV-1 securitization debt 2019-1, JV-1 securitization debt 2020-1 and the JV-1 subscription facility, the latter of which is a substitute for invested capital and can be replaced by equity funding at management's discretion.

(3) Multi-family rental includes The Selby commencing in Q1 2020, as construction was substantially completed.

(4) Canadian multi-family rental developments include The Taylor, West Don Lands, The Ivy and 7 Labatt. Comparative periods also include The Selby, which was reclassified to income-producing multi-family rental properties in Q1 2020, and The James (Scrivener Square) and The Shops of Summerhill, which are wholly-owned by Tricon effective June 23, 2020. Other than in respect of The Selby, The Taylor and 7 Labatt, Tricon has partnered with strategic partners that do not pay asset management or performance fees to the Company for management of their invested capital (but for clarity do pay development and property management fees). Refer to the AIF for a description of these Investment Vehicles.

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

SUMMARY OF NON-IFRS SEGMENT INFORMATION

5

5. SUMMARY OF NON-IFRS SEGMENT INFORMATION

Management considers Core FFO and AFFO to be key measures of the Company's operating performance (refer to Section 7.1 for KPI definitions). These are metrics commonly used by securities analysts, investors and other interested parties in the evaluation of real estate entities, particularly those that own and operate income-producing properties. Management believes that providing these performance measures on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business. Refer to the discussion of non-IFRS measures on page 1, including FFO, Core FFO and AFFO.

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

The following table reconciles FFO, Core FFO and AFFO to the net income (loss) reflected in the Company's income statement for the three and nine months ended September 30, 2020. Comparative periods have been reclassified to conform with current period presentation.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Net income attributable to Tricon's shareholders	**$ 57,609**	**$ 32,606**	**$ 25,003**	**$ 33,644**	**$ 65,408**	**$ (31,764)**
Fair value gain on rental properties(1)	(60,378)	(24,897)	(35,481)	(91,319)	(84,523)	(6,796)
Loss from investments in for-sale housing(2)	–	–	–	79,579	–	79,579
Fair value gain on derivative financial instruments and other liabilities(1)	(11,551)	(3,133)	(8,418)	(8,957)	(3,819)	(5,138)
Other adjustments(3)	12,410	2,620	9,790	18,184	2,556	15,628
FFO attributable to Tricon's shareholders	**$ (1,910)**	**$ 7,196**	**$ (9,106)**	**$ 31,131**	**$ (20,378)**	**$ 51,509**
Transaction costs(1)	5,678	2,173	3,505	11,525	29,883	(18,358)
Deferred tax expense(1)	13,434	2,100	11,334	7,292	8,706	(1,414)
Amortization and depreciation expense(1)	2,676	2,660	16	8,234	7,810	424
Foreign exchange (gain) loss(1)	(634)	115	(749)	1,114	136	978
Interest incurred on convertible debentures(4)	2,492	2,493	(1)	7,421	7,410	11
Interest on Due to Affiliate(4)	1,342	–	1,342	1,342	–	1,342
Amortization of deferred financing costs, discounts and lease obligations(4)	2,886	1,684	1,202	7,192	5,026	2,166
Gain on sale of U.S. multi-family developments(1)	–	(4,403)	4,403	–	(8,605)	8,605
Non-cash compensation(5)	941	947	(6)	4,277	3,275	1,002
Non-recurring compensation	–	106	(106)	107	1,157	(1,050)
Other adjustments(6)	(1,343)	2,478	(3,821)	(3,008)	(12)	(2,996)
Limited partners' share of Core FFO adjustments(7)	(790)	(294)	(496)	(1,854)	(1,145)	(709)
Core FFO attributable to Tricon's shareholders	**$ 24,772**	**$ 17,255**	**$ 7,517**	**$ 74,773**	**$ 33,263**	**$ 41,510**
Recurring capital expenditures	(7,904)	(7,860)	(44)	(20,430)	(20,798)	368
AFFO attributable to Tricon's shareholders	**$ 16,868**	**$ 9,395**	**$ 7,473**	**$ 54,343**	**$ 12,465**	**$ 41,878**

(1) Refer to consolidated income statement in Section 3.1.
(2) Relates to a one-time unrealized fair value loss taken on the for-sale housing assets in Q1 2020.
(3) Relates to limited partners' share of FFO adjustments for fair value gains/(losses).
(4) Refer to the breakdown of interest expense in Section 3.1
(5) Comprised of equity-settled AIP and LTIP expense, which is presented in Section 3.1.
(6) Comprised of amortization, unrealized foreign exchange and deferred taxes within income from equity-accounted investments and investments held at FVTPL, non-controlling interests' share of amortization and depreciation, other non-recurring expenses and lease payments on right-of-use assets.
(7) Comprised of limited partners' share of transaction costs and amortization of deferred financing fees.

The following table provides a breakdown of Core FFO by business segment, AFFO, Core FFO per share and AFFO per share. Core FFO and AFFO per share amounts are calculated based on the weighted average common shares outstanding in the period, assuming the conversion of all potentially dilutive shares (including convertible debt and exchangeable preferred units of Tricon PIPE LLC).

For the periods ended September 30 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)		Three months			Nine months		
		2020	2019	Variance	2020	2019	Variance
Single-family rental Core FFO[1]		$ 28,992	$ 21,540	$ 7,452	$ 82,007	$ 61,632	$ 20,375
Multi-family rental Core FFO		6,483	6,841	(358)	20,792	8,414	12,378
Residential development Core FFO		4,307	1,044	3,263	12,480	5,164	7,316
Private funds and advisory Core FFO[1]		4,754	8,254	(3,500)	14,998	19,987	(4,989)
		$ 44,536	**$ 37,679**	**$ 6,857**	**$ 130,277**	**$ 95,197**	**$ 35,080**
Corporate overhead	A	(13,182)	(15,177)	1,995	(40,668)	(46,644)	5,976
Corporate interest expense	B	(3,329)	(4,922)	1,593	(12,014)	(12,876)	862
Current income tax expense	C	(3,253)	(325)	(2,928)	(2,822)	(2,414)	(408)
Core funds from operations (Core FFO)		**$ 24,772**	**$ 17,255**	**$ 7,517**	**$ 74,773**	**$ 33,263**	**$ 41,510**
Recurring capital expenditures	D	(7,904)	(7,860)	(44)	(20,430)	(20,798)	368
Adjusted funds from operations (AFFO)		**$ 16,868**	**$ 9,395**	**$ 7,473**	**$ 54,343**	**$ 12,465**	**$ 41,878**
Core FFO per share		**$ 0.11**	**$ 0.08**	**$ 0.03**	**$ 0.35**	**$ 0.18**	**$ 0.17**
Core FFO per share (CAD)[2]		**$ 0.15**	**$ 0.11**	**$ 0.04**	**$ 0.47**	**$ 0.24**	**$ 0.23**
AFFO per share		**$ 0.08**	**$ 0.04**	**$ 0.04**	**$ 0.25**	**$ 0.07**	**$ 0.18**
AFFO per share (CAD)[2]		**$ 0.11**	**$ 0.05**	**$ 0.06**	**$ 0.34**	**$ 0.09**	**$ 0.25**
Core FFO payout ratio[3]		**41%**	**59%**	**(18%)**	**40%**	**85%**	**(45%)**
AFFO payout ratio[3]		**60%**	**109%**	**(49%)**	**54%**	**226%**	**(172%)**
Weighted average shares outstanding – diluted		**222,822,876**	**213,371,947**	**9,450,929**	**215,822,080**	**183,413,037**	**32,409,043**

(1) Certain fees earned from limited partners totalling $1,489 in the first quarter of 2020 (Q1 2019 – $1,295) have been reclassified from single-family rental Core FFO to private funds and advisory Core FFO to conform with the current period presentation. This change in classification did not result in any changes to total Core FFO and AFFO.

(2) USD/CAD exchange rates used are 1.3321 and 1.3541 for the three and nine months ended September 30, 2020. For the three months ended September 30, 2019, USD/CAD exchange rates used are 1.3204 and 1.3292, respectively.

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

For the three months ended September 30, 2020, Core FFO increased by $7.5 million to $24.8 million compared to $17.3 million in the same period of the prior year. The favourable variance is primarily attributable to:

- An increase in single-family rental Core FFO of $7.5 million resulting from a larger leased portfolio, strong rent growth and higher occupancy which contributed to an increase in NOI, partially offset by a small increase in operating expense reflecting higher costs associated with managing a larger portfolio of homes.
- A reduction in multi-family rental Core FFO of $0.4 million, driven by a decrease in NOI arising from lower occupancy and higher bad debt expense and concessions as a result of the COVID-19 pandemic, partially offset by savings in interest expense associated with a lower LIBOR.
- An increase in residential development Core FFO of $3.3 million, attributable mainly to higher income from investments in for-sale housing compared to the same period in the prior year. In the comparative period, income was lower because the Company experienced reduced lot sales caused by weather-related construction delays in its for-sale housing business.
- A decrease in Core FFO from private funds and advisory of $3.5 million, largely because of lower performance fees received from for-sale housing investments, and a reduction in development fees earned at Johnson. In spite of the COVID-19 pandemic, third-party home sales at Johnson communities increased by 30% year-over-year, which should ultimately drive homebuilder demand for future lot inventory and thus healthy development fees in the coming periods.
- A decrease in corporate overhead of $2.0 million, mainly caused by a decrease of $1.8 million in property management overhead as a result of an increase in property management personnel costs being allocated to properties as direct operating costs, as the rental portfolio under management continued to expand. The amount of property management overhead allocated to direct operating costs correlates directly with the amount of revenue earned from rental properties during the period. This decrease in property management overhead was partially offset by increases in general and administration expense corresponding to the growth of the Company.

- A decrease in corporate interest of $1.6 million, resulting from the use of the net proceeds of Due to Affiliate (see Section 3.2) to pay down a majority of the corporate credit facility balance during the current period.
- An increase in current income taxes of $2.9 million, driven by the true-up of a prior year tax accrual as 2019 tax filings were finalized.

For the nine months ended September 30, 2020, Core FFO increased by $41.5 million to $74.8 million compared to $33.3 million in the same period of the prior year, primarily for the same reasons noted above, as well as the inclusion of a full nine months of results from the U.S. multi-family rental portfolio compared to less than four months in the comparative period.

AFFO for the three and nine months ended September 30, 2020 increased by $7.5 million and $41.9 million, respectively, from the same periods in the prior year. These variances are in line with the increases in Core FFO. In the third quarter, recurring capital expenditures were consistent year-over-year as lower capital spending on turn-related activities was offset by deferred repairs and maintenance that normally would have been incurred in the second quarter. Recurring capital expenditures were also consistent on a year-to-date basis, despite a larger rental portfolio, as non-essential capital projects were deferred during the COVID-19 pandemic in the first half of 2020.

Core FFO per share increased by $0.03 and $0.17 to $0.11 and $0.35, respectively, for the three and nine months ended September 30, 2020 compared to the same periods in the prior year for the reasons discussed above. AFFO per share increased by $0.04 and $0.18, respectively, for the three and nine months ended September 30, 2020 compared to the same periods in the prior year for the reasons discussed above. These increases were partially offset by a higher number of weighted average dilutive shares, which includes the impact of exchangeable preferred units of Tricon PIPE LLC.

The following table provides reconciliations of the items marked "A" and "B" above, from the corporate-level expenses, as shown in the *Corporate* column of the proportionate income statement by business segment. Refer to the proportionate income statement below for a reconciliation of corporate-level costs to proportionate and consolidated results per IFRS.

The breakdown of recurring capital expenditures by business segment is also presented and reconciled to the item marked as "C" in the table above.

For the periods ended September 30		Three months			Nine months		
(in thousands of U.S. dollars)		2020	2019	Variance	2020	2019	Variance
Property management overhead		$ 5,028	$ 6,789	$ 1,761	$ 16,782	$ 20,200	$ 3,418
Cash compensation expense[(1)]		4,679	5,117	438	13,280	16,658	3,378
General and administration expense[(2)]		3,475	3,271	(204)	10,606	9,786	(820)
Corporate overhead	A	**$ 13,182**	**$ 15,177**	**$ 1,995**	**$ 40,668**	**$ 46,644**	**$ 5,976**
Interest expense		$ 8,746	$ 8,543	$ (203)	$ 24,836	$ 23,674	$ (1,162)
Convertible debentures		(2,492)	(2,493)	(1)	(7,421)	(7,410)	11
Interest on Due to Affiliate		(1,342)	–	1,342	(1,342)	–	1,342
Amortization of deferred financing costs, discounts and lease obligations		(1,583)	(1,128)	455	(4,059)	(3,388)	671
Corporate interest expense	B	**$ 3,329**	**$ 4,922**	**$ 1,593**	**$ 12,014**	**$ 12,876**	**$ 862**
Current income tax expense		$ 3,253	$ 5,109	$ 1,856	$ 2,822	$ 7,198	$ 4,376
Tax on sale of U.S. multi-family developments		–	(4,784)	(4,784)	–	(4,784)	(4,784)
Total income tax expense	C	**$ 3,253**	**$ 325**	**$ (2,928)**	**$ 2,822**	**$ 2,414**	**$ (408)**
Single-family rental		$ 6,392	$ 6,435	$ 43	$ 16,912	$ 19,048	$ 2,136
U.S. multi-family rental		1,499	1,425	(74)	3,498	1,750	(1,748)
Canadian multi-family rental		13	–	(13)	20	–	(20)
Recurring capital expenditures	D	**$ 7,904**	**$ 7,860**	**$ (44)**	**$ 20,430**	**$ 20,798**	**$ 368**

(1) Compensation expense for Core FFO purposes excludes equity-settled, non-cash compensation and non-recurring compensation. The table below reconciles salaries and benefits and cash-settled AIP and LTIP expense to total compensation expense in the *Corporate* segment.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2020	2019	Variance	2020	2019	Variance
Salaries and benefits	$ 2,458	$ 2,043	$ (415)	$ 7,755	$ 6,137	$ (1,618)
Cash-settled AIP	3,702	2,999	(703)	9,160	8,995	(165)
Cash-settled LTIP	(1,481)	75	1,556	(3,635)	1,526	5,161
Compensation expense for FFO	**$ 4,679**	**$ 5,117**	**$ 438**	**$ 13,280**	**$ 16,658**	**$ 3,378**
Non-cash compensation	$ 890	$ 920	$ 30	$ 4,035	$ 3,173	$ (862)
Non-recurring compensation	–	106	106	107	1,157	1,050
Total compensation expense	**$ 5,569**	**$ 6,143**	**$ 574**	**$ 17,422**	**$ 20,988**	**$ 3,566**

(2) General and administration expense for Core FFO purposes refers to the general and administration expense in the *Corporate* segment, plus $641 and $1,846 related to lease payments on right-of-use assets for the three and nine months ended September 30, 2020, respectively (2019 – $572 and $1,358, respectively). The three and nine months ended September 30, 2019 also include an add-back of $20 related to gain on disposition of fixed assets.

Proportionate income statement by business segment

The tables below present Tricon's proportionate share of the consolidated financial results for the three and nine months ended September 30, 2020 by deducting third-party interests' share of each income statement line item in the single-family rental business segment. Third-party interests and inter-segment eliminations are adjusted for in the *IFRS reconciliation* column to arrive at the consolidated results under IFRS. Net income attributable to non-controlling interests is deducted in the Private Funds and Advisory segment to arrive at net income attributable to Tricon's shareholders.

For the three months ended September 30, 2020 (in thousands of U.S. dollars)	Tricon's proportionate share of results by business segment: Single-Family Rental	Multi-Family Rental	Residential Development	Private Funds and Advisory	Corporate	Total proportionate results	IFRS reconciliation	Tricon results as reported
	Section 4.1	Section 4.2	Section 4.3	Section 4.4				Section 3.1
Revenue from rental properties	**$ 75,446**	**$ 27,389**	**$ –**	**$ –**	**$ –**	**$ 102,835**	**$ 18,285**	**$ 121,120**
Direct operating expenses	(25,254)	(12,275)	–	–	–	(37,529)	(5,724)	(43,253)
Net operating income from rental properties	50,192	15,114	–	–	–	65,306	12,561	77,867
Revenue from private funds and advisory services	**–**	**–**	**–**	**7,025**	**–**	**7,025**	**–**	**7,025**
Income from investments in Canadian multi-family developments	–	102	(5)	–	–	97	–	97
Income from investments in for-sale housing	–	–	4,457	–	–	4,457	–	4,457
Other income from Canadian development properties	–	–	326	–	–	326	–	326
Property management overhead	–	–	–	–	(5,028)	(5,028)	–	(5,028)
Compensation expense	–	–	–	(2,581)	(5,569)	(8,150)	–	(8,150)
General and administration expense	(1,761)	(686)	116	(197)	(2,834)	(5,362)	(615)	(5,977)
Interest expense	(19,942)	(8,073)	(233)	–	(8,746)	(36,994)	(5,002)	(41,996)
Fair value gain on rental properties	47,968	–	–	–	–	47,968	12,410	60,378
Fair value (loss) gain on derivative financial instruments and other liabilities	(49)	–	–	–	11,600	11,551	–	11,551
Transaction costs	–	(502)	–	–	(5,176)	(5,678)	–	(5,678)
Amortization and depreciation expense	–	(6)	–	(747)	(1,923)	(2,676)	–	(2,676)
Foreign exchange gain (loss)	–	–	–	–	634	634	–	634
Other income (expense)(1)	–	–	–	1,318	–	1,318	(1,318)	–
Net change in fair value of limited partners' interests	–	–	–	–	–	–	(18,036)	(18,036)
Current income tax expense	(8)	–	–	–	(3,253)	(3,261)	–	(3,261)
Deferred income tax expense	–	–	(567)	–	(12,867)	(13,434)	–	(13,434)
Non-controlling interest	–	–	–	(490)	–	(490)	–	(490)
Net income (loss) attributable to Tricon's shareholders	**$ 76,400**	**$ 5,949**	**$ 4,094**	**$ 4,328**	**$ (33,162)**	**$ 57,609**	**$ –**	**$ 57,609**
Fair value gain on rental properties	(47,968)	–	–	–	–	(47,968)	(12,410)	(60,378)
Fair value loss (gain) on derivative financial instruments and other liabilities	49	–	–	–	(11,600)	(11,551)	–	(11,551)
Other adjustments	–	–	–	–	–	–	12,410	12,410
FFO attributable to Tricon's shareholders	**$ 28,481**	**$ 5,949**	**$ 4,094**	**$ 4,328**	**$ (44,762)**	**$ (1,910)**	**$ –**	**$ (1,910)**
Transaction costs	–	502	–	–	5,176	5,678	–	5,678
Deferred tax expense	–	–	567	–	12,867	13,434	–	13,434
Amortization and depreciation expense	–	6	–	747	1,923	2,676	–	2,676
Foreign exchange (gain) loss	–	–	–	–	(634)	(634)	–	(634)
Interest incurred on convertible debentures	–	–	–	–	2,492	2,492	–	2,492
Interest on Due to Affiliate	–	–	–	–	1,342	1,342	–	1,342
Amortization of deferred financing costs, discounts and lease obligations	511	–	2	–	1,583	2,096	790	2,886
Non-cash compensation(2)	–	–	–	51	890	941	–	941
Other adjustments(3)	–	26	(356)	(372)	(641)	(1,343)	–	(1,343)
Limited partners' share of Core FFO adjustments	–	–	–	–	–	–	(790)	(790)
Core FFO attributable to Tricon's shareholders	**$ 28,992**	**$ 6,483**	**$ 4,307**	**$ 4,754**	**$ (19,764)**	**$ 24,772**	**$ –**	**$ 24,772**
Recurring capital expenditures	(6,392)	(1,512)	–	–	–	(7,904)	–	(7,904)
AFFO attributable to Tricon's shareholders	**$ 22,600**	**$ 4,971**	**$ 4,307**	**$ 4,754**	**$ (19,764)**	**$ 16,868**	**$ –**	**$ 16,868**

(1) Comprised primarily of asset management fees earned from managing limited partners' share of the single-family rental portfolio.
(2) Comprised of equity-settled AIP and LTIP expense, which is presented in Section 3.1.
(3) Comprised of amortization, unrealized foreign exchange and deferred taxes within income from equity-accounted investments and investments held at FVTPL, non-controlling interests' share of amortization and depreciation, other non-recurring expenses and lease payments related to the Company's right-of-use assets.

For the nine months ended September 30, 2020 (in thousands of U.S. dollars)	Tricon's proportionate share of results by business segment: Single-Family Rental	Multi-Family Rental	Residential Development	Private Funds and Advisory	Corporate	Total proportionate results	IFRS reconciliation	Tricon results as reported
	Section 4.1	Section 4.2	Section 4.3	Section 4.4				Section 3.1
Revenue from rental properties	**$ 221,686**	**$ 83,622**	**$ –**	**$ –**	**$ –**	**$ 305,308**	**$ 50,896**	**$ 356,204**
Direct operating expenses	(74,634)	(36,317)	–	–	–	(110,951)	(15,927)	(126,878)
Net operating income from rental properties	147,052	47,305	–	–	–	194,357	34,969	229,326
Revenue from private funds and advisory services	**–**	**–**	**–**	**21,369**	**–**	**21,369**	**–**	**21,369**
Income from investments in Canadian multi-family developments	–	319	5,085	–	–	5,404	–	5,404
Loss from investments in for-sale housing	–	–	(71,967)	–	–	(71,967)	–	(71,967)
Other income from Canadian development properties	–	–	482	–	–	482	–	482
Property management overhead	–	–	–	–	(16,782)	(16,782)	–	(16,782)
Compensation expense	–	–	–	(7,738)	(17,422)	(25,160)	–	(25,160)
General and administration expense	(5,052)	(1,705)	–	(707)	(8,760)	(16,224)	(1,597)	(17,821)
Interest expense	(61,199)	(25,387)	(298)	–	(24,836)	(111,720)	(14,469)	(126,189)
Fair value gain (loss) on rental properties	95,670	(22,535)	–	–	–	73,135	18,184	91,319
Fair value (loss) gain on derivative financial instruments and other liabilities	(28)	–	–	–	8,985	8,957	–	8,957
Transaction costs	–	(1,904)	–	–	(9,621)	(11,525)	–	(11,525)
Amortization and depreciation expense	–	(16)	–	(2,332)	(5,886)	(8,234)	–	(8,234)
Foreign exchange gain (loss)	–	4	–	–	(1,118)	(1,114)	–	(1,114)
Other income (expense)[1]	–	–	–	4,286	–	4,286	(4,286)	–
Net change in fair value of limited partners' interests	–	–	–	–	–	–	(32,801)	(32,801)
Current income tax expense	(70)	–	(145)	–	(2,822)	(3,037)	–	(3,037)
Deferred income tax recovery (expense)	–	–	7,831	–	(15,123)	(7,292)	–	(7,292)
Non-controlling interest	–	–	–	(1,291)	–	(1,291)	–	(1,291)
Net income (loss) attributable to Tricon's shareholders	**$ 176,373**	**$ (3,919)**	**$ (59,012)**	**$ 13,587**	**$ (93,385)**	**$ 33,644**	**$ –**	**$ 33,644**
Fair value gain on rental properties	(95,670)	22,535	–	–	–	(73,135)	(18,184)	(91,319)
Loss from investments in for-sale housing	–	–	79,579	–	–	79,579	–	79,579
Fair value loss (gain) on derivative financial instruments and other liabilities	28	–	–	–	(8,985)	(8,957)	–	(8,957)
Other adjustments	–	–	–	–	–	–	18,184	18,184
FFO attributable to Tricon's shareholders	**$ 80,731**	**$ 18,616**	**$ 20,567**	**$ 13,587**	**$ (102,370)**	**$ 31,131**	**$ –**	**$ 31,131**
Transaction costs	–	1,904	–	–	9,621	11,525	–	11,525
Deferred tax (recovery) expense	–	–	(7,831)	–	15,123	7,292	–	7,292
Amortization and depreciation expense	–	16	–	2,332	5,886	8,234	–	8,234
Foreign exchange (gain) loss	–	(4)	–	–	1,118	1,114	–	1,114
Interest incurred on convertible debentures	–	–	–	–	7,421	7,421	–	7,421
Interest on Due to Affiliate	–	–	–	–	1,342	1,342	–	1,342
Amortization of deferred financing costs, discounts and lease obligations	1,276	–	3	–	4,059	5,338	1,854	7,192
Non-cash compensation[2]	–	–	–	242	4,035	4,277	–	4,277
Non-recurring compensation	–	–	–	–	107	107	–	107
Other adjustments[3]	–	260	(259)	(1,163)	(1,846)	(3,008)	–	(3,008)
Limited partners' share of Core FFO adjustments	–	–	–	–	–	–	(1,854)	(1,854)
Core FFO attributable to Tricon's shareholders	**$ 82,007**	**$ 20,792**	**$ 12,480**	**$ 14,998**	**$ (55,504)**	**$ 74,773**	**$ –**	**$ 74,773**
Recurring capital expenditures	(16,912)	(3,518)	–	–	–	(20,430)	–	(20,430)
AFFO attributable to Tricon's shareholders	**$ 65,095**	**$ 17,274**	**$ 12,480**	**$ 14,998**	**$ (55,504)**	**$ 54,343**	**$ –**	**$ 54,343**

(1) Certain fees earned from limited partners totalling $1,489 in the first quarter of 2020 have been reclassified from single-family rental Core FFO to private funds and advisory Core FFO to conform with the current period presentation. This change in classification did not result in any changes to total Core FFO and AFFO.

(2) Comprised of equity-settled AIP and LTIP expense, which is presented in Section 3.1.

(3) Comprised of amortization, unrealized foreign exchange and deferred taxes within income from equity-accounted investments and investments held at FVTPL, non-controlling interests' share of amortization and depreciation, other non-recurring expenses and lease payments related to the Company's right-of-use assets.

The following table provides details of Tricon's revenue from private funds and advisory services for the three and nine months ended September 30, 2020, including total revenue from management fees charged to third parties.

For the periods ended September 30	Three months		Nine months	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Asset management fees	$ 2,833	$ 3,823	$ 9,246	$ 11,744
Performance fees	700	2,982	1,145	4,883
Development fees	4,397	4,638	13,011	11,860
Property management fees	10,988	12,108	32,867	33,200
Gross management fees	**$ 18,918**	**$ 23,551**	**$ 56,269**	**$ 61,687**
Fees eliminated upon consolidation(1)	(11,893)	(12,906)	(34,900)	(35,752)
Revenue from private funds and advisory services	**$ 7,025**	**$ 10,645**	**$ 21,369**	**$ 25,935**

(1) For the three and nine months ended September 30, 2020, fee eliminations include property management fees of $10,739 and $32,152, respectively (2019 – $11,892 and $32,765) and asset management fees of $788 and $2,382, respectively (2019 – $1,014 and $2,987). The three and nine months ended September 30, 2020 also include a development fees elimination of $366 (2019 – nil).

Proportionate balance sheet by business segment

The table below presents Tricon's proportionate share of net assets as at September 30, 2020 by deducting third-party interests' share of each balance sheet line item in the single-family rental business segment. Third-party interests and inter-segment eliminations are adjusted for in the *IFRS reconciliation* column to arrive at the consolidated net assets under IFRS. Net assets attributable to non-controlling interests are deducted in the Private Funds and Advisory segment to arrive at net assets attributable to Tricon's shareholders.

	Tricon's proportionate share of balance sheet by business segment							
(in thousands of U.S. dollars)	Single-Family Rental	Multi-Family Rental	Residential Development	Private Funds and Advisory	Corporate	Total proportionate results	IFRS reconciliation	Tricon results as reported
	Section 4.1	Section 4.2	Section 4.3	Section 4.4				Section 3.2
Assets								
Rental properties	$ 3,774,207	$ 1,327,832	$ –	$ –	$ –	$ 5,102,039	$ 912,074	$ 6,014,113
Investments in Canadian multi-family developments	–	19,538	63,384	–	–	82,922	–	82,922
Canadian development properties	–	–	103,367	–	–	103,367	–	103,367
Investments in for-sale housing	–	–	167,023	–	–	167,023	–	167,023
Restricted cash	68,746	19,510	–	–	–	88,256	18,712	106,968
Intangible assets	–	–	–	9,339	4,008	13,347	–	13,347
Goodwill and other assets	–	106	–	331	154,302	154,739	–	154,739
Deferred income tax assets	–	–	10,271	1,052	93,388	104,711	–	104,711
Derivative financial instruments	–	–	–	–	910	910	–	910
Cash	12,138	5,523	565	7,493	10,440	36,159	16,798	52,957
Other working capital items(1)	9,592	4,540	1,899	3,711	12,649	32,391	288	32,679
Total assets	**$ 3,864,683**	**$ 1,377,049**	**$ 346,509**	**$ 21,926**	**$ 275,697**	**$ 5,885,864**	**$ 947,872**	**$ 6,833,736**
Liabilities								
Debt	$ 2,304,616	$ 911,840	$ 64,800	$ –	$ 52,655	$ 3,333,911	$ 625,856	$ 3,959,767
Convertible debentures	–	–	–	–	164,775	164,775	–	164,775
Due to Affiliate	–	–	–	–	250,530	250,530	–	250,530
Long-term incentive plan	–	–	–	–	16,459	16,459	–	16,459
Deferred income tax liabilities	–	–	–	–	267,921	267,921	–	267,921
Other liabilities(2)	81,494	23,372	4,130	3,083	73,405	185,484	322,016	507,500
Total liabilities	**2,386,110**	**935,212**	**68,930**	**3,083**	**825,745**	**4,219,080**	**947,872**	**5,166,952**
Non-controlling interest	–	–	–	8,338	–	8,338	–	8,338
Net assets attributable to Tricon's shareholders	**$ 1,478,573**	**$ 441,837**	**$ 277,579**	**$ 10,505**	**$ (550,048)**	**$ 1,658,446**	**$ –**	**$ 1,658,446**
Net debt to assets(3)						**55.7%**		

(1) Other working capital items include amounts receivable and prepaid expenses and deposits.
(2) Other liabilities include derivative financial instruments, other liability, limited partners' interests, dividends payable, resident security deposits and amounts payable and accrued liabilities.
(3) Calculated by dividing net debt by total assets (net of cash and restricted cash).

Summary of selected income statement, balance sheet and operating items

Management considers net assets (book value) per share to be an important component of the Company's value, and it reflects the IFRS value of its rental and development businesses. The Company also creates additional franchise value through its Private Funds and Advisory business and vertically integrated, technology-enabled operating platform which allows it to generate various forms of contractual fees that are not reflected in the IFRS book values disclosed below.

	Rental portfolio[1]				
(in thousands of U.S. dollars, except units, average monthly rent, percentages and per share amounts)	Single-Family Rental A	Multi-Family Rental B	Tricon proportionate results A + B	Consolidation reconciliation C	Consolidated results A + B + C
Total rental units managed	21,948	7,289			29,237
Tricon's proportionate share of rental units	17,605	7,289	24,894	4,343	29,237
Average monthly rent	$ 1,450	$ 1,228			
Occupancy	97.3%	92.8%			
NOI margin	66.5%	55.2%			
Quarterly NOI	50,192	15,114	65,306	12,561	77,867
Annualized NOI	200,768	60,456	261,224	50,244	311,468
Rental properties	3,774,207	1,327,832	5,102,039	912,074	6,014,113
Investments in Canadian multi-family developments (The Selby)	–	19,538	19,538	–	19,538
Net debt	(2,223,732)	(886,807)	(3,110,539)	(590,346)	(3,700,885)
Other liabilities	(71,902)	(18,726)	(90,628)	(321,728)	(412,356)
Net assets attributable to Tricon's shareholders	**$ 1,478,573**	**$ 441,837**	**$ 1,920,410**	**$ –**	**$ 1,920,410**
Net assets per share[2]	**$ 7.67**	**$ 2.29**	**$ 9.96**		
Net assets per share (CAD)[2]	**$ 10.23**	**$ 3.05**	**$ 13.28**		

(1) Figures presented exclude Canadian multi-family rental (The Selby) except for investments in Canadian multi-family developments (The Selby) of $19,538.
(2) As at September 30, 2020, common shares outstanding were 192,767,327 and the USD/CAD exchange rate was 1.3339.

	Development portfolio				
(in thousands of U.S. dollars, except per share amounts)	Canadian Multi-Family Rental A	For-Sale Housing B	Tricon proportionate results A + B	Consolidation reconciliation C	Consolidated results A + B + C
Estimated annual NOI upon stabilization[1]	$ 37,427				
Projected distributions net of advances remaining		$ 319,382			
Property value[2]	$ 166,751	$ 167,023	$ 333,774	$ –	$ 333,774
Net debt	(64,235)	–	(64,235)	–	(64,235)
Other assets (liabilities)	(1,676)	9,716	8,040	–	8,040
Net assets attributable to Tricon's shareholders	**$ 100,840**	**$ 176,739**	**$ 277,579**	**$ –**	**$ 277,579**
Net assets per share[3]	**$ 0.52**	**$ 0.93**	**$ 1.45**		
Net assets per share (CAD)[3]	**$ 0.69**	**$ 1.24**	**$ 1.93**		

(1) Calculated on a total portfolio basis excluding The Selby, and based on current project development plans assuming a target development yield of 4.75% on cost.
(2) Includes investments in Canadian multi-family developments, investments in for-sale housing and Canadian development properties.
(3) As at September 30, 2020, common shares outstanding were 192,767,327 and the USD/CAD exchange rate was 1.3339.

	Corporate assets and liabilities(1)		
(in thousands of U.S. dollars, except per share amounts)	Tricon proportionate results	Consolidation reconciliation	Consolidated results
Intangible assets and other assets	$ 167,980	$ –	$ 167,980
Deferred income tax liabilities	(173,481)	–	(173,481)
Net debt	(34,722)	–	(34,722)
Convertible debentures	(164,775)	–	(164,775)
Due to Affiliate	(250,530)	–	(250,530)
Other liabilities	(84,015)	–	(84,015)
Net assets attributable to Tricon's shareholders	**$ (539,543)**	**$ –**	**$ (539,543)**
Net assets per share(2)	**$ (2.80)**		
Net assets per share (CAD)(2)	**$ (3.73)**		

(1) Includes the assets and liabilities of the *Private Funds and Advisory* and *Corporate* segments.
(2) As at September 30, 2020, common shares outstanding were 192,767,327 and the USD/CAD exchange rate was 1.3339.

	Future performance fees			
(in thousands of U.S. dollars, except per share amounts)	Single-Family Rental A	Canadian Multi-Family Rental B	For-Sale Housing C	Tricon proportionate results A + B + C
Estimated future performance fees(1)	**$ 38,335**	**$ 20,293**	**$ 22,285**	**$ 80,913**
Net assets per share(2)				**$ 0.42**
Net assets per share (CAD)(2)				**$ 0.56**

(1) Includes estimated future performance fees before the deduction of any amounts paid to employees under the LTIP.
(2) As at September 30, 2020, common shares outstanding were 192,767,327 and the USD/CAD exchange rate was 1.3339.

	Summary of net assets (book value) per share				
(in thousands of U.S. dollars, except per share amounts)	Rental portfolio A	Development portfolio B	Corporate assets and liabilities C	Tricon proportionate results A + B + C	Future performance fees
Net assets attributable to Tricon's shareholders	**$ 1,920,410**	**$ 277,579**	**$ (539,543)**	**$ 1,658,446**	
Net assets per share(1)	**$ 9.96**	**$ 1.45**	**$ (2.80)**	**$ 8.61**	**$ 0.42**
Net assets per share (CAD)(1)	**$ 13.29**	**$ 1.93**	**$ (3.73)**	**$ 11.49**	**$ 0.56**

(1) As at September 30, 2020, common shares outstanding were 192,767,327 and the USD/CAD exchange rate was 1.3339.

Corporate overhead

The cost of the Company's integrated, technology-enabled operating platform and other overhead costs are presented below (based on the activities within Tricon's Private Funds and Advisory and Corporate segments). While Tricon is intent on reducing its overhead as a percentage of revenue from rental properties and of total assets over time by growing its rental business and managing more third-party capital, it should be noted that the Company employs talented and relatively well-paid investment, development and computer engineering professionals that add to its cost structure but which position Tricon for future growth and longer-term operating efficiencies.

For the three months ended (in thousands of U.S. dollars, except percentages)	September 30, 2020	June 30, 2020	March 31, 2020
Property management overhead	$ 5,028	$ 5,288	$ 6,466
Compensation expense	8,150	9,912	7,098
General and administration expense	3,031	3,076	6,169
Total overhead costs(1)	**16,209**	**18,276**	**19,733**
Net of revenue from private funds and advisory services	(7,025)	(7,328)	(7,016)
Net overhead costs	**$ 9,184**	**$ 10,948**	**$ 12,717**
Annualized net overhead costs	**$ 36,736**	**$ 43,972**	**$ 50,868**
As a % of revenue from rental properties	**8.9%**	**10.8%**	**10.9%**
As a % of total assets	**0.6%**	**0.8%**	**0.8%**

(1) Includes the sum of the corporate overhead of the *Private Funds and Advisory* and *Corporate* segments.

LIQUIDITY AND
CAPITAL RESOURCES

OPERATIONAL KEY
PERFORMANCE INDICATORS

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

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6. LIQUIDITY AND CAPITAL RESOURCES

6.1 Financing strategy

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

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

6.2 Liquidity

Tricon generates substantial liquidity through:

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

To enable us to react to attractive acquisition or investment opportunities and deal with contingencies when they arise, we typically maintain sufficient liquidity at the corporate level and within our key operating platforms. Our primary sources of liquidity consist of cash and a corporate credit facility.

Working capital

As at September 30, 2020, Tricon had a net working capital deficit of $219.4 million, reflecting current assets of $85.6 million, offset by current liabilities of $305.0 million. The working capital deficit is driven primarily by debt coming due in 2020 and 2021, of which $73,000 relates to the SFR JV-1 subscription facility that will be partially repaid with limited partners' capital contributions. The Company has determined that its current financial obligations and working capital deficit are adequately funded from the available borrowing capacity and from operating cash flows.

6.3 Capital resources

Debt structure

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

The Company provides limited financial guarantees for land loans and construction loans in its Canadian multi-family developments.

As at September 30, 2020, the Company was in compliance with all of its financial covenants.

Equity issuance and cancellations

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

As of September 30, 2020, there were 193,082,192 common shares issued by the Company, of which 192,767,327 were outstanding and 314,865 were reserved to settle restricted share awards in accordance with the Company's Restricted Share Plan.

As of September 30, 2020, there was $172.4 million in outstanding aggregate principal amount of 5.75% extendible convertible unsecured subordinated debentures (the "2022 convertible debentures"). The 2022 convertible debentures bear interest at 5.75% per annum and are convertible into 16,481,837 common shares of the Company at a conversion rate of 95.6023 common shares per $1,000 principal amount, or a conversion price of approximately $10.46 per common share.

As of September 30, 2020, there was $300.0 million in outstanding aggregate principal amount of Due to Affiliate in connection with the exchangeable preferred units issued by Tricon PIPE LLC (see Section 3.2). Pursuant to the Transaction Documents, the Investors have rights to exchange the Preferred Units into common shares of the Company at an initial exchange price of $8.50 (C$11.18 as of August 26, 2020) per common share, as may be adjusted from time to time in accordance with the terms of the Transaction Documents. As at September 30, 2020, this equates to 35,451,961 common shares of the Company.

7. OPERATIONAL KEY PERFORMANCE INDICATORS

7.1 Key performance indicators

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

Single-family and multi-family rental

- Net operating income ("NOI") represents total revenue from rental properties, less direct operating expenses and property management expenses. NOI excludes non-property specific and indirect overhead expenses, interest expense and non-core income or expenses such as gains or losses on the disposition of rental properties. Tricon believes NOI is a helpful metric to evaluate the performance of its rental business and compare it to industry peers.
- Net operating income ("NOI") margin represents net operating income as a percentage of total revenue from rental properties.
- Occupancy rate represents the total number of days that units were occupied during the measurement period, divided by the total number of days that the units were owned during the measurement period (excluding units held for sale). Management believes occupancy is a main driver of rental revenues and that comparing occupancy across different periods is helpful in evaluating changes in rental revenues.
- Annualized turnover rate during the period represents the number of resident move-outs divided by the weighted average number of rental units (excluding units held for sale) in the period, annualized for a twelve-month period. Management believes the annualized turnover rate impacts occupancy and therefore revenue, as well as the cost to maintain the rental portfolios.
- Average monthly rent represents average monthly rental income per unit for occupied units and reflects the impact of rent concessions amortized over the life of the related leases. Tricon believes average monthly rent reflects pricing trends which impact rental revenue over time.
- Average rent growth during the period represents the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease and reflects the impact of rent concessions amortized over the life of the related lease. Leases are either renewal leases, where a current resident chooses to stay for a subsequent lease term, or a new lease, where a previous resident moves out and a new resident signs a lease to occupy the same unit. Average rent growth drives average monthly rent and management finds it is useful to evaluate changes in rental revenue across periods.

Residential Development

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

Private Funds and Advisory

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

Company operating performance

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

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

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

7.2 Assets under management

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

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

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

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

8.1 Revenue and income recognition

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

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

Revenue from rental properties

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

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

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

Revenue from private funds and advisory services

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

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

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

The Company also earns fees for development management and advisory services provided to third parties and/or related parties. Development management and advisory services are satisfied over time. Revenues are recognized based on the best estimate of the amounts earned for those services, which typically reflects contractual fees of 2–5% of the sales price of single-family lots, residential land parcels and commercial land within master-planned communities, and 4–5% of overall development costs of Canadian multi-family rental apartments. The Company includes variable consideration in revenue only to the extent that it is highly probable that a significant amount of the cumulative revenue recognized will not reverse. Specifically for Johnson, consideration for these services is variable as it is dependent upon the occurrence of a future event that is the sale of the developed property. Revenue is typically recognized as the development of the property is completed, and control has been transferred to the respective buyer. Contractual fees earned in exchange for providing development management and advisory services are billed upon the sale of the property.

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

Income from investments in for-sale housing

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

Income from investments in Canadian multi-family developments

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

8.2 Accounting estimates and policies

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

Transition to a rental housing company

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

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

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

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

	ACCOUNTING		PRESENTATION		
Business segment	Accounting assessment	Accounting methodology	Presentation in Balance Sheet	Presentation in Statement of Income	Presentation of Non-controlling interest
Single-family rental					
Tricon wholly-owned	Controlled subsidiary	Consolidation	Rental properties	Revenue from rental properties	N/A
SFR JV-1	Controlled subsidiary	Consolidation			Limited partners' interests (Component of liabilities)
Multi-family rental					
U.S. multi-family	Controlled subsidiary	Consolidation	Rental properties	Revenue from rental properties	N/A
Canadian multi-family: 592 Sherbourne (The Selby)	Investments in associate	Equity method	Investments in Canadian multi-family developments	Income from investments in Canadian multi-family developments	N/A
Canadian multi-family 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 the remaining ownership interests of 50% and 75% in The James and The Shops of Summerhill, respectively. 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.

Significant estimates

Income taxes

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

Valuation of rental properties

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

Fair value and impairment of financial instruments

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

The fair values of the Company's investments in for-sale housing are determined using the valuation methodologies described in the condensed interim consolidated financial statements. By their nature, these valuation techniques require the use of assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in the underlying assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect the investment income recognized in a particular period. 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 the condensed interim consolidated financial statements. The LTIP requires management to estimate future non-IFRS earnings measures, namely future performance fees relative to each Investment Vehicle. Future non-IFRS measures are estimated based on current projections, and are updated at least annually, taking into account actual performance since inception.

Significant judgments

Acquisition of rental properties

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

Basis of consolidation

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

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

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

8.3 Controls and procedures
Pursuant to National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* released by the Canadian Securities Administrators, the Company's CEO and CFO have evaluated the design and operating effectiveness of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting for the period ended September 30, 2020. The CEO and CFO did not identify any material weaknesses in the Company's system of internal controls over financial reporting.

During the nine months ended September 30, 2020, there were no changes to policies, procedures and processes that comprise the system of internal controls over financial reporting that may have affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. Such controls and procedures are subject to continuous review and changes to such controls and procedures may require management resources and systems in the future.

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

8.4 Transactions with related parties
Senior management of the Company own units, directly or indirectly, in the various Tricon private funds, as well as common shares and debentures of the Company.

Refer to the related party transactions and balances note in the condensed interim consolidated financial statements for further details concerning the Company's transactions with related parties.

8.5 Dividends
On November 9, 2020, the Board of Directors of the Company declared a dividend of seven cents per common share in Canadian dollars payable on or after January 15, 2021 to shareholders of record on December 31, 2020.

8.6 Compensation incentive plans

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

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

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

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

8.7 Risk definition and management

There are certain risks inherent in the Company's activities which may impact the Company's performance, the value of its investments and the value of its securities. The Company's Annual Information Form dated February 24, 2020, its MD&A for the three months ended March 31, 2020 and its MD&A for the year ended December 31, 2019, which are all available on SEDAR at www.sedar.com and on the Company's website at www.triconresidential.com, contain detailed discussions of these risks.

9. HISTORICAL FINANCIAL INFORMATION

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

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

For the three months ended (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Financial statement results				
Net operating income from rental properties	$ 77,867	$ 77,000	$ 74,459	$ –
Total revenue	128,145	126,240	123,188	11,716
Net income (loss)	58,099	(17,341)	(40,505)	45,259
Basic earnings (loss) per share	0.30	0.09	(0.21)	0.23
Diluted earnings (loss) per share	0.23	0.09	(0.21)	0.22

For the three months ended (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Financial statement results				
Total revenue	$ 11,323	$ 9,367	$ 7,489	$ 9,565
Net income	32,457	12,356	24,063	43,297
Basic earnings per share	0.16	0.08	0.17	0.30
Diluted earnings per share	0.15	0.04	0.16	0.23

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