



Tricon Delivers Strong Results in Q3 2020 as Single-Family Rental Demand Soars

Toronto, Ontario - November 11, 2020 - Tricon Residential Inc. (TSX: TCN) ("Tricon" or the "Company"), a rental housing company focused on serving the middle-market demographic in North America, announced today its consolidated financial results for the three and nine months ended September 30, 2020. The Company also provided an update on recent operating trends. All financial information is presented in U.S. dollars unless otherwise indicated.

Key Q3 2020 highlights:

- Net income increased by 74% to \$58.1 million, and diluted earnings per share increased by 53% to \$0.23 year-over-year;
- Core FFO per share increased by 38% to \$0.11 (C\$0.15) year-over-year driven by a larger single-family rental portfolio and improved operating metrics, as well as reduced corporate overhead and interest costs.
- Same home Net Operating Income ("NOI") for the single-family rental business increased by 6.3% year-over-year as a result of strong revenue growth and controlled expenses. Same home occupancy was a record 97.5%, an increase of 160 basis points year-over-year, and blended rent growth was 5.2% (comprised of new lease rent growth of 12.6% and renewal rent growth of 2.4%).
- Tricon issued exchangeable preferred units of a subsidiary to a syndicate of investors led by Blackstone Real Estate Income Trust for aggregate subscription proceeds of \$300 million. The net proceeds from this transaction were used to repay a substantial amount of Tricon's corporate credit facility, resulting in an improved net debt to assets ratio of 56.9% as at September 30, 2020 (and compared to 61.3% in the preceding quarter).
- As of the end of October, Tricon collected 99% of rents billed in Q3 across its single-family rental business and 98% of rents billed in its U.S. multi-family rental business. Less than 1% of residents requested deferral plans in the month of October, and approximately 3% of single-family residents and 1% of U.S. multi-family residents are currently on deferral plans.

"The COVID-19 pandemic has unleashed powerful de-urbanization trends across the United States as households prioritize health and safety. Although we recognize this is a difficult environment for many, Tricon is a significant beneficiary of these nesting trends and experienced elevated demand for its single-family rental business as evidenced by occupancy of 97.5%, new lease rent growth of 12.6% and an operating margin of 66.2% in the same home portfolio – all records for the quarter," said Gary Berman, President and CEO of Tricon. "Even in a market like Las Vegas, where the tourism industry has been ravaged and unemployment currently stands close to 15%, new lease rent growth on single-family rental homes was 14.3% in the quarter. While we have chosen to prioritize our residents during the pandemic by moderating rent growth on renewals, the strong new leasing

spreads indicate that the long-term future for our middle-market, Sun Belt-focused rental housing strategy is very bright.

"Notwithstanding the strength of our single-family rental business, our U.S. multi-family portfolio was weaker in the quarter as higher bad debt and the use of concessions to maintain occupancy weighed on results. With that said, key metrics including occupancy and effective rent growth have begun to stabilize and we expect our results to improve heading into the final quarter of 2020 and particularly in 2021 when we internalize property management of this portfolio.

"Lastly, we took advantage of our strong overall operating fundamentals to improve our balance sheet and liquidity profile, positioning ourselves for growth in 2021. During the quarter, we closed a \$300 million preferred stock transaction and used the proceeds to largely repay our corporate revolver and reduce net debt to assets to 56.9%; we also extended the maturity of several smaller loans and, subsequent to quarter-end, refinanced the 2016-1 securitization with meaningfully cheaper and longer-term non-recourse debt."

Financial Highlights

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	2020	2019
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⁽¹⁾ 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 ⁽²⁾	0.11	0.08	0.35	0.18
Core FFO per share (CAD) ^{(2),(3)}	0.15	0.11	0.47	0.24
AFFO per share ⁽²⁾	0.08	0.04	0.25	0.07
AFFO per share (CAD) ^{(2),(3)}	0.11	0.05	0.34	0.09

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

(2) 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.

(3) 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.

The comparative figures in the table above and throughout this news release have been recast to conform with the Company's current reporting framework under consolidation, adopted effective January 1, 2020.

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.

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 overhead and interest expense.

Adjusted funds from operations ("AFFO") for the third quarter of 2020 was \$16.9 million, an increase of \$7.5 million compared to \$9.4 million in the third quarter of 2019. This increase is in line with the change in Core FFO noted above. 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.

Operating Highlights

Single-family rental operating metrics in the table below and throughout this news release reflect Tricon's proportionate share of the managed portfolio and exclude limited partners' interests in the SFR JV-1 portfolio.

For the periods ended September 30 (in thousands of U.S. dollars, except percentages and units)	Three months		Nine months	
	2020	2019	2020	2019
SINGLE-FAMILY RENTAL				
Net operating income (NOI)	\$ 50,192	\$ 44,126	\$ 147,052	\$ 128,372
Same home net operating income (NOI) margin	66.2%	65.3%	66.0%	65.5%
Same home net operating income (NOI) growth	6.3%	N/A	5.7%	N/A
Bad debt as a percentage of revenue ⁽¹⁾	1.1%	0.8%	1.2%	0.8%
Same home occupancy	97.5%	95.9%		
Same home annualized turnover	26.1%	30.8%		
Same home average quarterly rent growth - blended	5.2%	6.2%		
U.S. MULTI-FAMILY RENTAL^{(2),(3)}				
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%
Bad debt as a percentage of revenue ⁽¹⁾	2.5%	0.9%	2.0%	0.9%
Occupancy	92.8%	95.2%		
Annualized turnover	61.8%	52.9%		
Average quarterly rent growth - blended	(2.0%)	2.1%		

- (1) Bad debt is expressed as a percentage of gross revenue. Tricon reserves 100% of residents' accounts receivable balances that are aged greater than 30 days as bad debt.
- (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 (refer to Section 4.2.1 of the Company's MD&A).
- (3) The total property results equate to same property results for the U.S. multi-family rental portfolio.

Single-family rental 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 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 monthly average 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.

Single-family rental same home NOI growth was 6.3% in Q3. Same home revenues increased by 4.7%, driven by higher occupancy and average monthly rent, partially offset by an increase in bad debt expense in anticipation of a higher amount of uncollectible rents as a result of the COVID-19 pandemic. Same home operating expenses increased by 1.8%, driven primarily by higher property taxes as a result of higher assessed property values and applicable tax rates.

U.S. multi-family rental NOI was \$15.1 million for the third quarter of 2020 compared to \$17.2 million for the same period in 2019, a \$2.1 million or 11.9% decrease. The variance in NOI is attributable to a 5.0% decrease in rental revenue 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 negative economic impact caused by the COVID-19 pandemic. 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.

Change in Net Assets

As at September 30, 2020, Tricon's net assets increased by \$52.2 million to \$1,658 million compared to \$1,606 million on June 30, 2020. The change is primarily attributable to a fair value gain of \$60.4 million in Tricon's single-family rental portfolio, which reflects home price appreciation of 1.3% (5.2% annualized), net of capital expenditures. No fair value adjustments were made to the U.S. multi-family rental or Canadian multi-family development portfolios.

Investment Activity

After a temporary pause in the first half of the year owing to the COVID-19 pandemic, Tricon restarted its acquisition program and purchased 388 single-family rental homes during the quarter, bringing its total managed portfolio to 21,981 homes. The Company expects to resume its pre-COVID-19 acquisition pace in Q4.

Across Tricon's Canadian multi-family developments, construction continues at The Taylor, West Don Lands (Block 8) and The Ivy, subject to public health regulations, and is largely being funded by construction loans.

Tricon recognized a significant write-down of its investments in connection with its for-sale housing business in the first quarter of this year 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 U.S. suburbs and potentially brought forward demand.

This 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. During the quarter, investments in for-sale housing distributed \$6.0 million to Tricon primarily from commingled funds.

Balance Sheet and Liquidity

Through a special-purpose subsidiary, Tricon completed the issuance of \$300 million of exchangeable preferred equity to a syndicate of investors led by Blackstone Real Estate Investment Trust. The investors purchased newly-created preferred equity units which are exchangeable into a minority investment in common shares of Tricon.

As at September 30, 2020, Tricon's consolidated net debt (excluding convertible debentures) was \$3.8 billion compared to total assets of \$6.8 billion, for a net debt to assets ratio of 56.9%. The net proceeds from the issuance of preferred units were used to repay a substantial portion of the corporate credit facility balance.

Tricon's liquidity consists of a \$500 million corporate credit facility with approximately \$458 million of undrawn capacity as at September 30, 2020. The Company also had approximately \$53 million of unrestricted cash on hand, resulting in total liquidity of \$511 million and up from \$203 million in Q2.

During the quarter, the Company extended several short-term debt securities, including the \$111 million credit facility on the U.S. multi-family portfolio which now matures in December 2021. Tricon intends to syndicate a two-thirds interest in the U.S. multi-family portfolio and use the proceeds to repay this credit facility, among other uses.

On July 21, 2020, SFR JV-1 closed a new securitization transaction involving the issuance and sale of six classes of fixed-rate pass-through certificates with a face amount of approximately \$553 million, a weighted average coupon of 2.43% (including servicing fees) and a term to maturity of six years. The transaction proceeds were used to refinance existing short-term SFR JV-1 debt and resulted in approximately \$62 million of net proceeds distributed to SFR JV-1 investors (including 34% to Tricon).

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.

Post Q3 Operational 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 was 5.5% (higher than September by 30 basis points), driven by 11.5% and 3.0% growth on new move-ins and renewals, respectively.

	July	August	September	October ⁽¹⁾
Same home				
Average rent growth - renewal	2.0%	2.5%	2.8%	3.0%
Average rent growth - new move-in	14.3%	11.5%	11.8%	11.5%
Average rent growth - blended	5.5%	5.0%	5.2%	5.5%
Occupancy	97.4%	97.6%	97.4%	97.2%
Total portfolio				
Percentage of billings collected as of October 31, 2020	99%	99%	98%	96%
Billings collected as a percentage of historical average	100%	99%	99%	97%

(1) October results are preliminary since the Company continues to collect October rents. Accordingly, the number is subject to upwards adjustments.

(2) As of October 31, 2020, the Company collected 99% of all Q3 billings, representing 99% of historical collections.

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. Average blended rent growth for the same property portfolio has trended upward for the past three months, mainly driven by stronger renewal rent growth.

Same property	July	August	September	October ⁽¹⁾
Average rent growth - renewal	1.1%	1.1%	1.3%	2.2%
Average rent growth - new move-in	(4.7%)	(5.0%)	(3.8%)	(4.9%)
Average rent growth - blended	(1.8%)	(2.5%)	(1.6%)	(1.3%)
Occupancy	92.5%	92.9%	93.0%	93.3%
Percentage of billings collected as of October 31, 2020	98%	98%	97%	95%
Billings collected as a percentage of historical average	98%	98%	97%	97%

(1) October results are preliminary since the Company continues to collect October rents. Accordingly, the number is subject to upwards adjustments.

(2) As of October 31, 2020, the Company collected 98% of all Q3 billings, representing 98% of historical collections.

Quarterly Dividend

The Company announced 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.

Tricon's dividends are designated as eligible dividends for Canadian tax purposes in accordance with subsection 89(14) of the *Income Tax Act* (Canada), and any applicable corresponding provincial and territorial legislation. Tricon has a Dividend Reinvestment Plan ("DRIP") which allows eligible shareholders of the Company to reinvest their cash dividends in additional common shares of the Company. Common shares issued pursuant to the DRIP in connection with the announced dividend will be issued from treasury at a 1% discount from the market price, as defined in the DRIP. Participation in the DRIP is optional and shareholders who do not participate in the plan will continue to receive cash dividends. A complete copy of the DRIP is available in the Investor Information section of Tricon's website at www.triconresidential.com.

Conference Call and Webcast

Management will host a conference call at 10 a.m. ET on Thursday, November 12, 2020 to discuss the Company's results. Please call 647-427-2311 or 1-866-521-4909 (Conference ID #9881197). The conference call will also be accessible via webcast, and a supplementary conference call presentation will be provided at www.triconresidential.com (Investor Information - Events). A replay of the conference call will be available from 1 p.m. ET on November 12, 2020 until midnight ET on December 12, 2020. To access the replay, call 1-800-585-8367 or 416-621-4642, followed by passcode 9881197.

This press release should be read in conjunction with the Company's Financial Statements and Management's Discussion and Analysis (the "MD&A") for the three and nine months ended September 30, 2020, which are available on Tricon's website at www.triconresidential.com and have been filed on SEDAR (www.sedar.com). The financial information therein is presented in U.S. dollars.

About Tricon Residential Inc.

Founded in 1988, Tricon is a rental housing company focused on serving the middle-market demographic. Tricon owns and operates approximately 30,000 single-family rental homes and multi-family rental units in 21 markets across the United States and Canada, managed with an integrated technology-enabled operating platform. More information about Tricon is available at www.triconresidential.com.

For further information, please contact:

Wissam Francis
EVP & Chief Financial Officer
Tel: 416-323-2484
Email: wfrancis@triconcapital.com

Wojtek Nowak
Managing Director, Capital Markets
Tel: 416-925-2409
Email: wnowak@triconcapital.com

* * * *

This news release may contain forward-looking statements pertaining to expected future events (including expected future acquisitions of single-family rental homes and the ongoing impact of the current COVID-19 pandemic), financial and operating results, and projections of the Company. Such forward-looking information and statements involve risks and uncertainties and are based on management's current expectations, intentions and assumptions in light of its understanding of relevant current market conditions, its business plans, and its prospects. If unknown risks arise, or if any of the assumptions underlying the forward-looking statements prove incorrect, actual results may differ materially from management expectations as projected in such forward-looking statements. Examples of such risks are described in the Company's continuous disclosure materials from time to time, available on SEDAR at www.sedar.com. Accordingly, although the Company believes that its anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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, and AFFO per share, as well as certain key indicators of its operating performance. The Company utilizes these measures in managing its business, including performance measurement and capital allocation, and believes that providing these performance measures on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business. However, these measures are not recognized under IFRS. Because non-IFRS measures do not have standardized meanings prescribed by IFRS, Tricon's use of these measures may not be comparable to similar measures reported by other issuers and they should not be construed as alternatives to net income (loss) or cash flow from the Company's activities, determined in accordance with IFRS, in measuring the Company's performance. The definition, calculation and reconciliation of the non-IFRS measures used herein are provided in Sections 4 and 5 of the Company's MD&A for the three and nine months ended September 30, 2020, which is available on SEDAR at www.sedar.com.