



# Q3 2020 Earnings Presentation

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November 12<sup>th</sup>, 2020



# Disclaimer

## General

You are advised to read this disclaimer carefully before reading, accessing or making any other use of the information included herewith. These materials are not an offer or the solicitation of an offer to purchase any securities or make any investment. This presentation includes information about Tricon Residential Inc. and its subsidiaries and investees (together, the “Company”) as of September 30, 2020, unless otherwise stated. These materials should be reviewed in conjunction with the Company’s Financial Statements and Management Discussion and Analysis for the periods ending September 30, 2020 and are subject to the detailed information and disclaimers contained therein. All dollar amounts are expressed in U.S. Dollars unless otherwise stated.

The Company measures the success of its business in part by employing several key performance indicators that are not recognized under IFRS including net operating income (“NOI”), funds from operations (“FFO”), core funds from operations (“core FFO”), and adjusted funds from operations (“AFFO”). These indicators should not be considered an

## Forward-Looking Statements

This presentation may contain forward-looking statements and information relating to expected future events and the Company’s financial and operating results and projections, including statements regarding the Company’s growth and performance goals and expectations, including, in particular, targeted returns, expected future performance, and growth projections, that involve risks and uncertainties. Such forward-looking information is typically indicated by the use of words such as “will”, “may”, “expects” or “intends”. The forward-looking statements and information contained in this presentation include statements regarding the Company’s strategic priorities; expected or targeted financial and operating performance including project timing, projected cash flow; projected NOI and other projected performance metrics; the ability of the Company to extend debt maturities and refinance debt; the ability to attract third-party investment; FFO growth and the potential drivers of that growth; expectations for the growth in the business; the availability and quantum of debt reduction opportunities and the Company’s ability to avail itself of them; operational improvements in the single-family rental and U.S. multi-family portfolios, including integration/internalization plans, and any associated impact on revenues or costs; and improvements to the Company’s financial reporting.

In regards to the targets presented on pages 8 and 9: the 2022 Targets are based on the assumed impact of the growth drivers, proposed transactions, and sources of cash flow described throughout those pages and on the assumption that other drivers of performance will not deteriorate over the relevant period. There can be no assurance that such growth drivers, transactions or cash flow will occur, be realized, or have their anticipated impact and therefore no assurance that actual performance will align with the

alternative to IFRS financial measures, such as net income. As non-IFRS financial measures do not have standardized definitions prescribed by IFRS, they are less likely to be comparable with other issuers or peer companies. A description of the non-IFRS measures used by the Company in measuring its performance is included in its Management Discussion and Analysis available on the Company’s website at [www.triconcapital.com](http://www.triconcapital.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

This presentation may contain information and statistics regarding the markets in which the Company and its investees operate. Some of this information has been obtained from market research, publicly available information and industry publications. This information has been obtained from sources believed to be reliable, but the accuracy or completeness of such information has not been independently verified by the Company and cannot be guaranteed. Disclosure of past performance is not indicative of future results.

Company’s targets. In regards to the catalysts listed on page 21, these reflect the Company’s current intentions and strategic plans; however, the items listed may not occur in line with the Company’ expectations or at all. These statements are based on management’s current expectations, intentions and assumptions which management believes to be reasonable having regard to its understanding of prevailing market conditions and the current terms on which investment opportunities may be available.

Projected returns and financial performance are based in part on projected cash flows for incomplete projects as well as future company plans. Numerous factors, many of which are not in the Company’s control, and including known and unknown risks, general and local market conditions and general economic conditions (such as prevailing interest rates and rates of inflation) may cause actual performance and income to differ from current projections. Accordingly, although we believe that our 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. If known or unknown risks materialize, 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, as available on SEDAR at [www.sedar.com](http://www.sedar.com). 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.

## Q3 2020 Key Takeaways

- Strong performance underpinned by focusing on employees and residents first
- Sun Belt middle market strategy proving to be resilient during COVID-19
- Continuing to deliver growth, with SFR acquisition activity resuming in Q3 2020...
- ...while strengthening the balance sheet and reducing leverage



# Summary of Results

## Headline Results

- Core FFO per Diluted Share of \$0.11 (C\$0.15), +38% year-over-year
- Earnings per Diluted Share of \$0.23, +53% year-over-year
- NOI of \$77.9M, +16% year-over-year
- \$300M Preferred Equity investment led by Blackstone Real Estate Investment Trust

## Single-Family Rental

- Strong operating performance with NOI of \$50.2M, +14% year-over-year
- Same home metrics include 6.3% NOI growth, 66.2% NOI margin, 97.5% occupancy, 26.1% annualized turnover and 5.2% blended rent growth
- Collected 98.8% of rents billed in Q3 2020 (as at October 31)
- Resumed acquisitions and acquired 388 single-family rental homes during the quarter; on track to acquire 800+ in Q4

## Multi-Family Rental

- Continued softness with NOI of \$15.1M from U.S. multi-family portfolio; \$2M decrease in NOI offset by lower interest expense = \$0.4M reduction to FFO year-over-year
- Key metrics include 55.2% NOI margin, 92.8% occupancy (93.7% occupancy as at October 31), 61.8% annualized turnover (on track for ~50% for the year) and -2.0% blended rent growth
- Collected 97.6% of rents billed in Q3 2020 (as at October 31)

## Residential Development

- Canadian multi-family development: construction continues at The Taylor, West Don Lands (Block 8) and The Ivy
- For-sale housing: distributed \$6M of cash to Tricon in the quarter

# Trends Support Tricon's Sun Belt Middle Market Strategy

## Sun Belt Migration

“The pandemic sped up a demographic trend called The Great American Move... Millennials leaving densely packed urban centers to live in suburbs, especially in the Sunbelt markets.”

- Forbes

## Affordability Challenges

“The pro-growth economies of Texas, the Southeast, and Florida continue to attract even more migration, pulling even more households away from the expensive supply-constrained California and Northeast markets.”

- John Burns Real Estate Consulting

## De-Urbanization

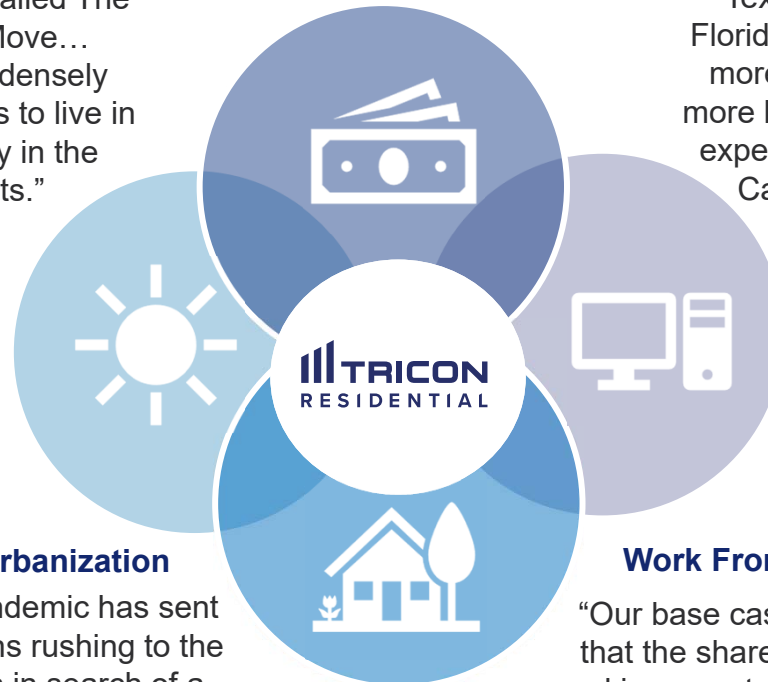
“The pandemic has sent Americans rushing to the suburbs in search of a lawn, room for home offices and distance from neighbors.”

- Wall Street Journal

## Work From Home

“Our base case assumes that the share of workers working remotely one-to-four days per week triples to 30% over the next five-to-ten years.”

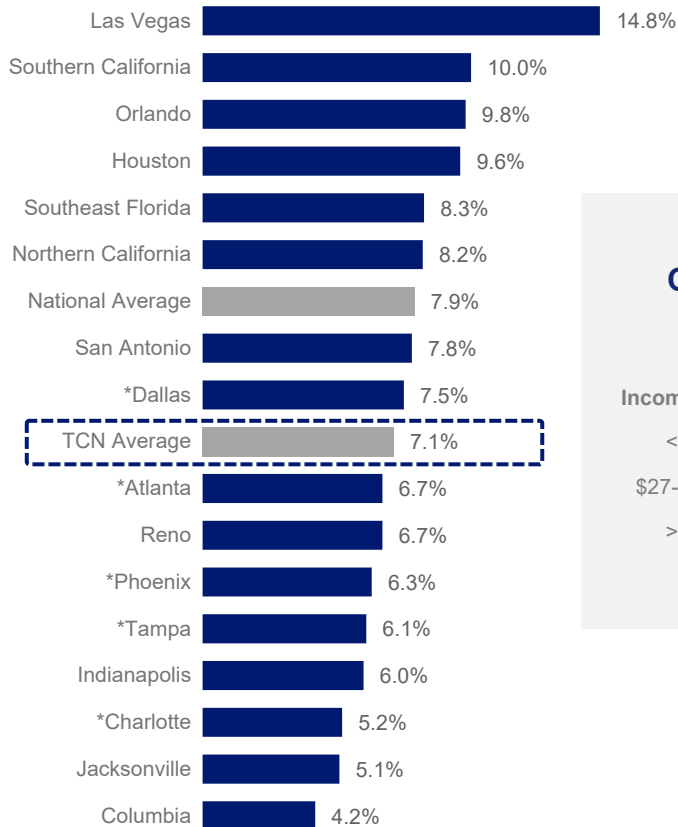
- Green Street Advisors



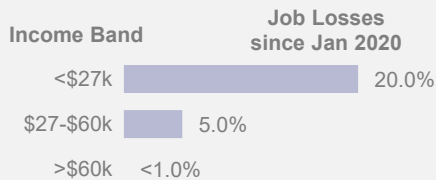
# SFR Showing Resilience in Current Economic Climate

Even in a relatively high unemployment environment, Tricon achieved record re-leasing spreads in Q3 2020 as demand for single-family rentals surged

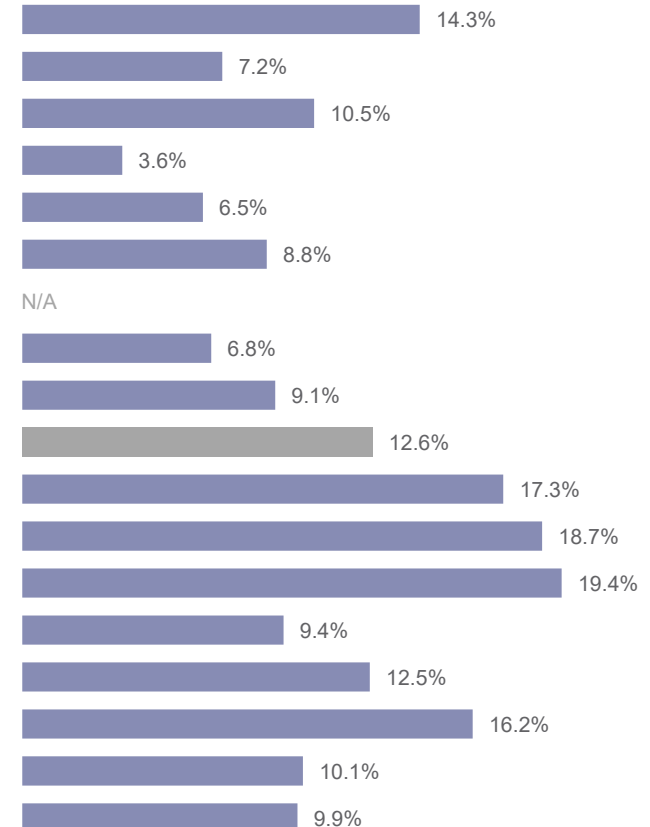
## Unemployment Rate<sup>1</sup>



## Job Losses are Concentrated in Low-Income Bands<sup>3</sup>



## New Move-in Rent Growth<sup>2</sup>



\* Top 5 market by home count

1. Source: U.S. Department of Labor; U.S. Bureau of Labor Statistics Unemployment Rate; Unemployment Rate as at September 30, 2020
2. New move-in rent growth is based on same home proportionate metrics
3. Source: Opportunity Insights Economic Tracker (Data: September 28, 2020)

# US\$300M Preferred Equity Financing

**On August 27<sup>th</sup>, 2020 Tricon announced a US\$300M exchangeable preferred equity investment led by Blackstone Real Estate Income Trust (“BREIT”)**

## Validation of Business

"We are pleased to make this preferred equity investment in Tricon... and believe the company's high quality, income-generating assets are poised to generate stable performance under the leadership of its best-in-class management team."

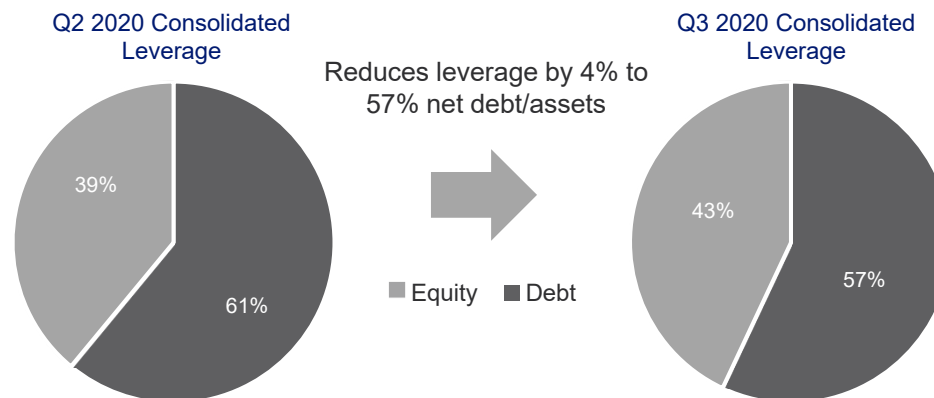
*-Frank Cohen, Chairman and CEO of BREIT, and recently appointed Director of Tricon*

## Improved Liquidity

Lowers amounts drawn on corporate credit facility by \$288M quarter-over-quarter

	Q2 2020	Q3 2020
Corporate Credit Facility	\$ 500	\$ 500
Less Amounts Drawn	\$ (330)	\$ (42)
Plus Unrestricted Cash	\$ 33	\$ 53
<b>Corporate Liquidity</b>	<b>\$ 203</b>	<b>\$ 511</b>

## Significant De-leveraging<sup>1</sup>



1. All debt figures are presented net of cash and exclude Tricon's outstanding 5.75% convertible debentures

# ESG Update – Our Commitment to Social Causes

Our annual Founders' Day focused on themes of diversity, inclusion, and equality

## Founders' Day 2020

- On September 23, 2020 we hosted our annual Founders' Day Celebration, a day to focus on our core principles and to reinforce our commitment to making a difference in our communities
- All Tricon employees participated in a series of fireside chat discussions with leaders from the Black North Initiative, Black Girls CODE and Red Door Shelter to bring awareness to their causes



**Wes Hall**  
Founder  
Black North Initiative



**Isis Miller**  
Community Events Manager  
Black Girls CODE



**Kirsten Cooney**  
Fundraising Coordinator  
Family Red Door Shelter





# Our Key Priorities<sup>1</sup>

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## Grow FFO per Share

- Provide stable, predictable income for shareholders by focusing on defensive rental housing
  - Target 10%+ compounded annual growth rate in FFO per Share over three years
- 

## Increase Third-Party AUM

- Raise third-party capital in all our businesses to enhance scale, improve operational efficiency, and drive return on equity with incremental fee income
  - Add new third-party equity capital commitments of ~\$1B over three years
- 

## Grow Book Value per Share

- Build shareholder value by deploying our free cash flow into accretive growth opportunities focused on rental housing
- 

## Reduce Leverage

- Minimize corporate-level debt while maintaining prudent and largely non-recourse leverage at the business segment or asset level
  - Pursue consolidated leverage target of 50-55% net debt to assets
- 

## Improve Reporting

- Adopt financial disclosure practices that reduce complexity and improve comparability of results with real estate peers
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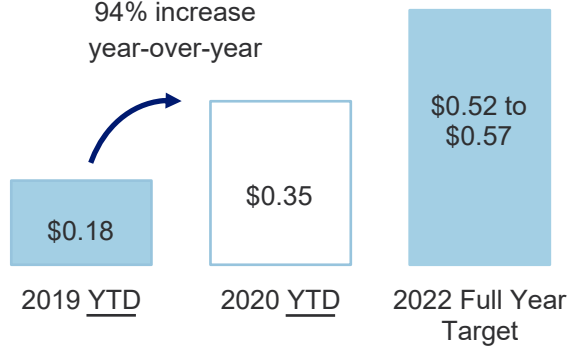
1. Refer to the Forward-Looking Statements on Page 1

# Performance Dashboard<sup>1</sup>

## Grow FFO per Share

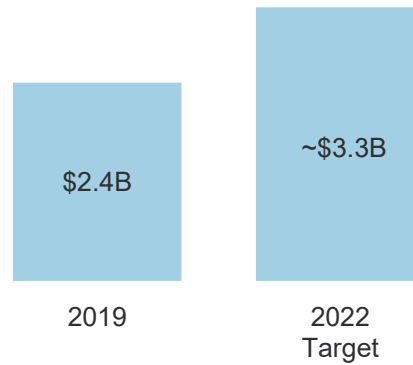
Target 10%+ compounded annual growth

94% increase year-over-year



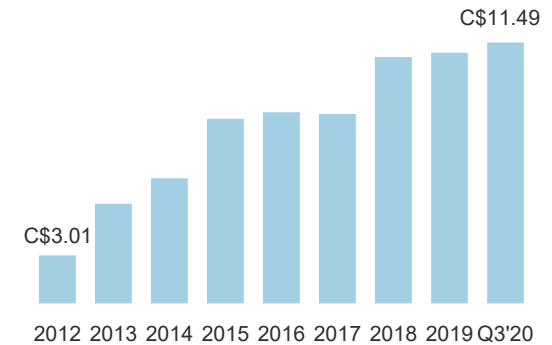
## Increase Third-Party AUM

Target raising ~\$1.0B in fee-bearing capital over the next 3 years



## Grow Book Value per Share

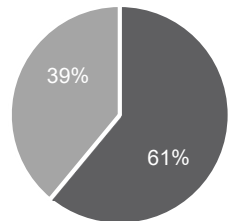
18% annualized growth since entering SFR in 2012



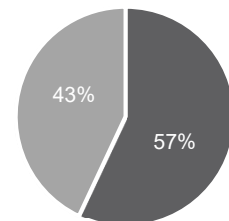
Book Value per Share does not fully capture the value from embedded growth in underlying investments

## Reduce Leverage<sup>2</sup>

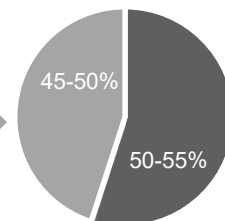
2019 Consolidated Leverage



Current Consolidated Leverage



Targeted Consolidated Leverage of 50-55%



■ Equity ■ Debt

Working towards syndication of the U.S. Multi-Family Rental portfolio

## Improve Reporting

- Adopt consolidated accounting
- Adopt more conventional company-wide real estate performance metrics, such as FFO / AFFO per share
- Enhance financial disclosure practices
- Adopt comprehensive ESG plan

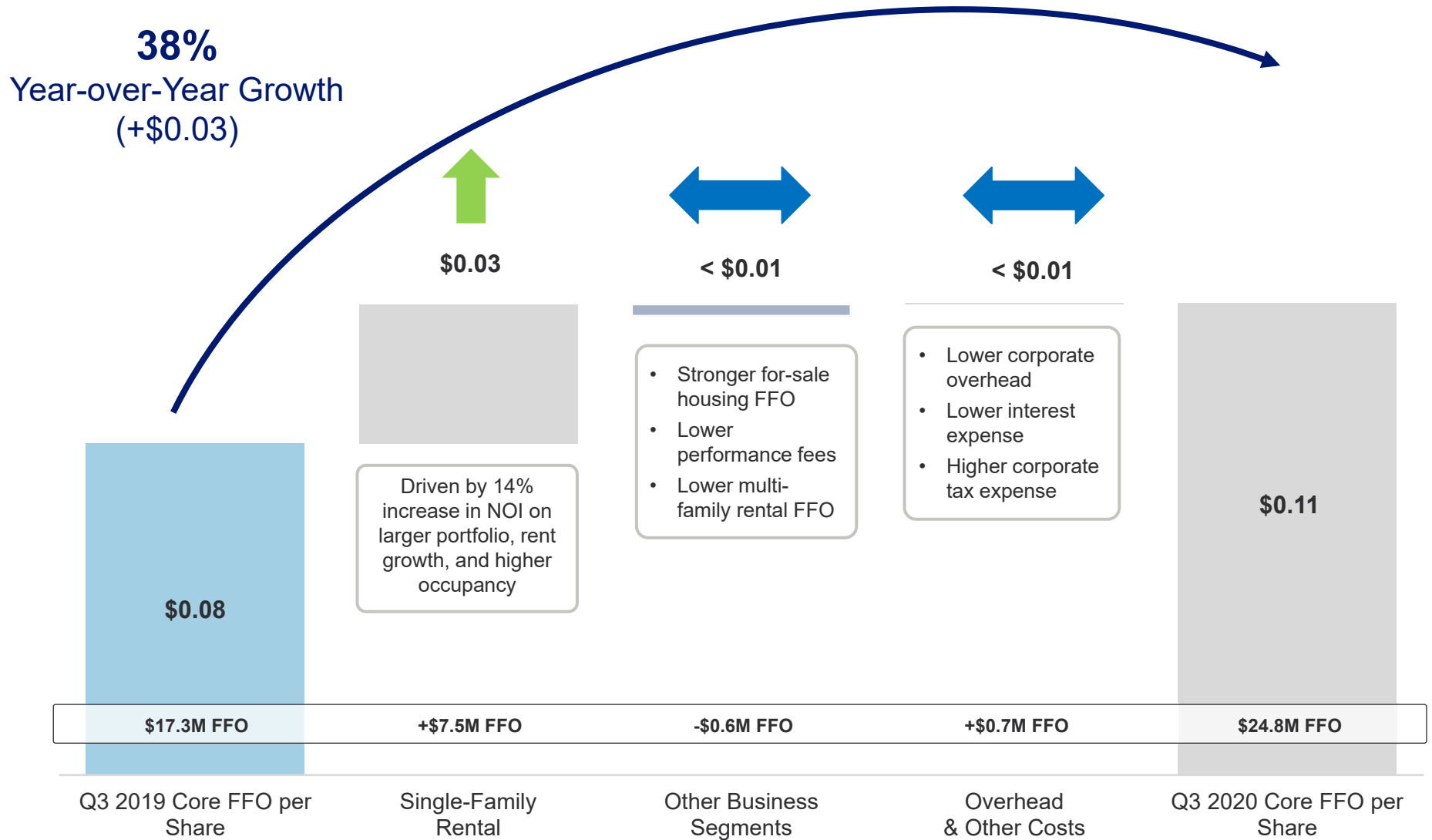
1. Refer to "General" and "Forward-Looking Statements" on Page 1, USD/CAD exchange rates used are 1.33 at September 30, 2020  
 2. All debt figures are presented net of cash and exclude Tricon's outstanding 5.75% convertible debentures

# Select Financial Metrics

For the three months ended September 30 (in thousands of U.S. dollars)	2020		2019 <sup>1</sup>		%YoY
<i>Financial highlights on a consolidated basis</i>					
Net income (loss), including:	\$	58,099	\$	33,405	74%
Earnings per share – diluted	\$	0.23	\$	0.15	53%
		2020		2019 <sup>1</sup>	%YoY
<i>Non-IFRS measures on a proportionate basis</i>					
Core funds from operations (Core FFO)	\$	24,772	\$	17,255	44%
Adjusted funds from operations (AFFO)	\$	16,868	\$	9,395	80%
Core FFO per share	\$	0.11	\$	0.08	38%
AFFO per share	\$	0.08	\$	0.04	100%
Core FFO payout ratio		41%		59%	NMF
AFFO payout ratio		60%		109%	NMF

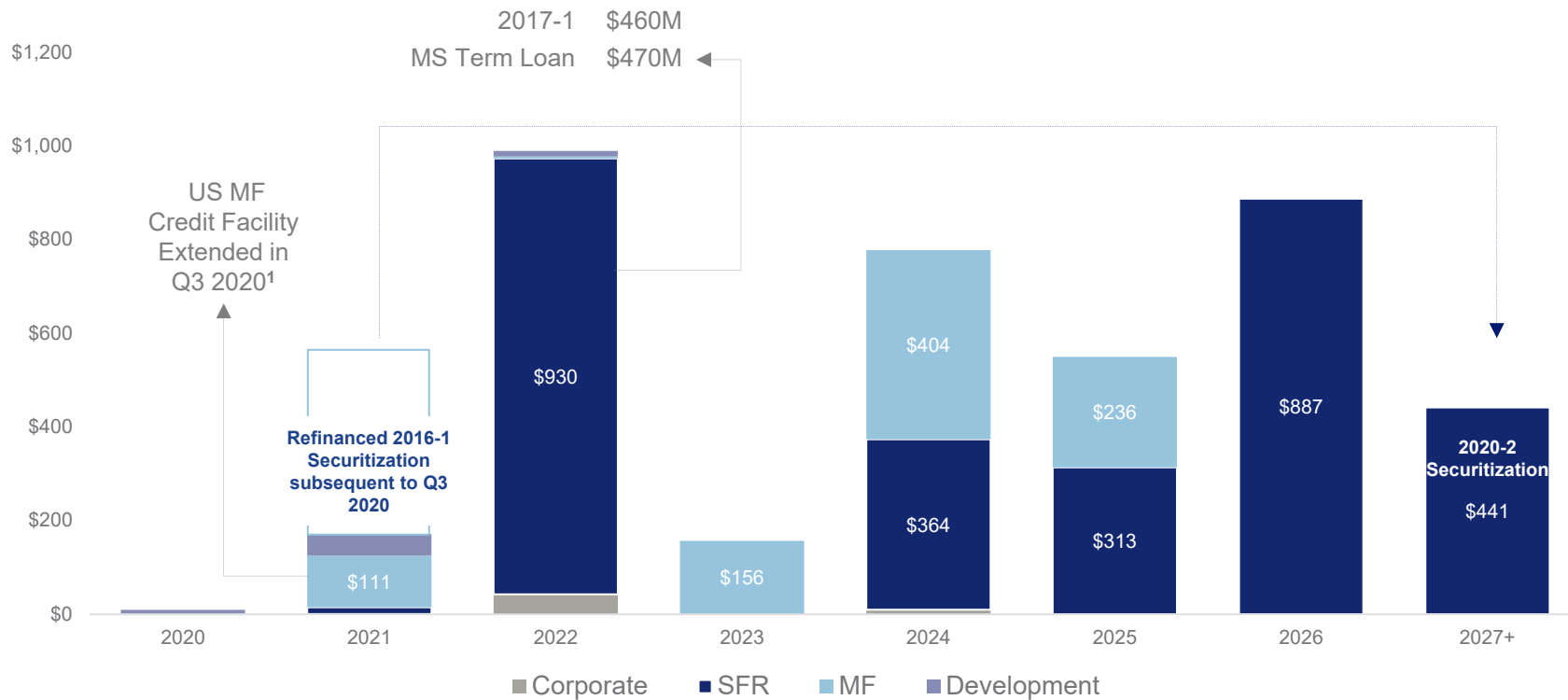
1. The comparative period results have been recast to present the consolidated results in conformity with the current period presentation

# Core FFO per Share Growth



# Consolidated Debt Profile

## Debt Maturity Schedule (including Tricon's extension options) In millions of U.S. dollars



## Improved Leverage Profile Proforma for 2020-2 Securitization

	Q2 2020	Q3 2020	Proforma
Fixed Rate %	61%	77%	78%
Avg. Int. Rate	3.57%	3.37%	3.17%
Avg. Debt Maturity (Years)	3.0	3.4	4.0

1. On November 10, 2020, Tricon closed a \$441 million securitization transaction collateralized by 3,319 wholly owned homes with a weighted average coupon of 1.83% and term to maturity of approximately seven years. The net proceeds after transaction expenses were used to repay Tricon's 2016-1 securitized financing and repatriate approximately \$59M for corporate debt reduction and single-family home acquisitions.

# SFR 2020-2 Securitization Transaction

- \$441M securitization at 1.83% weighted average interest rate
- 38 investors, including 20 new investors to Tricon, and ~4.5x subscribed
- Net proceeds used to refinance existing debt plus ~\$59M of net proceeds to Tricon

↓

Equivalent to equity needed  
for Tricon's 1/3 share of  
~2,500 SFR homes<sup>1</sup>

- Reduced interest rate by 176 bps
  - Annual interest expense savings of ~\$6M
  - Annual Core FFO benefit of ~\$0.02/share
- ↓

## Tricon's SFR Securitizations<sup>2</sup>

		2016-1	2017-1	2017-2	2018-1	2019-1	2020-1	2020-2
Face Amount	\$	354.5M	461.2M	364.1M	313.4M	333.4M	553.0M	441.0M
Wtd. Avg. Interest Rate		3.59%	3.50%	3.58%	3.86%	3.12%	2.34%	1.83%
Maturity		Nov-21	Sep-22	Jan-24	May-25	Mar-26	Jul-26	Nov-27
Term		5.0 Years	5.0 Years	6.0 Years	7.0 Years	6.5 Years	6.0 Years	7.0 Years
LTV at Inception		72.0%	76.0%	70.0%	61.0%	70.0%	72.5%	67.0%
Number of Homes		3,439	3,480	2,621	2,509	2,627	3,540	3,319

↑

Eligible for refinancing in 2021

1. Assumes 65% leverage and \$200,000 average all-in purchase price per home
2. Each securitization transaction involved the issuance and sale of six classes of fixed-rate pass-through certificates that represent beneficial ownership interests in the underlying securitized loan

# Focus on Residents

Tricon engaged in several initiatives this quarter in support of our commitment to our residents

## Helping Residents in Times of Need

- The Resident Emergency Assistance Fund provides financial assistance for residents experiencing unexpected difficulties such as a health crisis, job loss, death or other catastrophic events including COVID-19



## Self Governing on Lease Renewals

- Recognizing that many of our residents may have faced financial pressures during the COVID-19 induced economic downturn, we offered our residents the option of renewing expiring rental contracts at nominal increases, if any

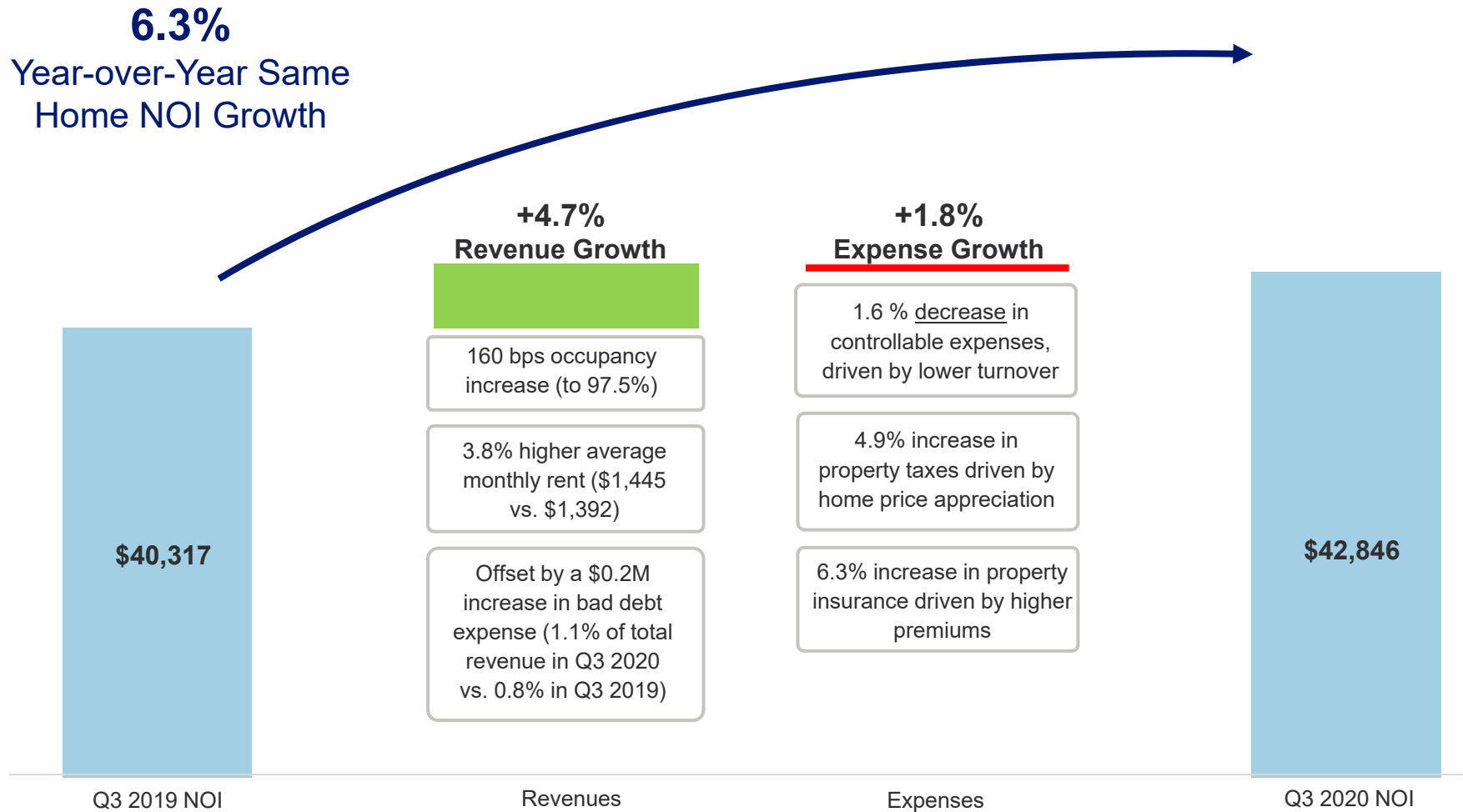
## Hurricane Zeta Response

- Tricon's operating team has been quick to respond to the families materially impacted by the recent storm, recognizing that the health and well-being of our residents and colleagues is always our priority. For four families that were most severely impacted, Tricon has taken the following actions:
  - Provided hotel accommodations for 10 days, with intention to extend further if necessary
  - Provided gift cards for relocation, clothes, and other essential items
  - Facilitated transfers to vacant homes and/or provided other concessions



# Single-Family Rental – Q3 2020 Same Home NOI Drivers

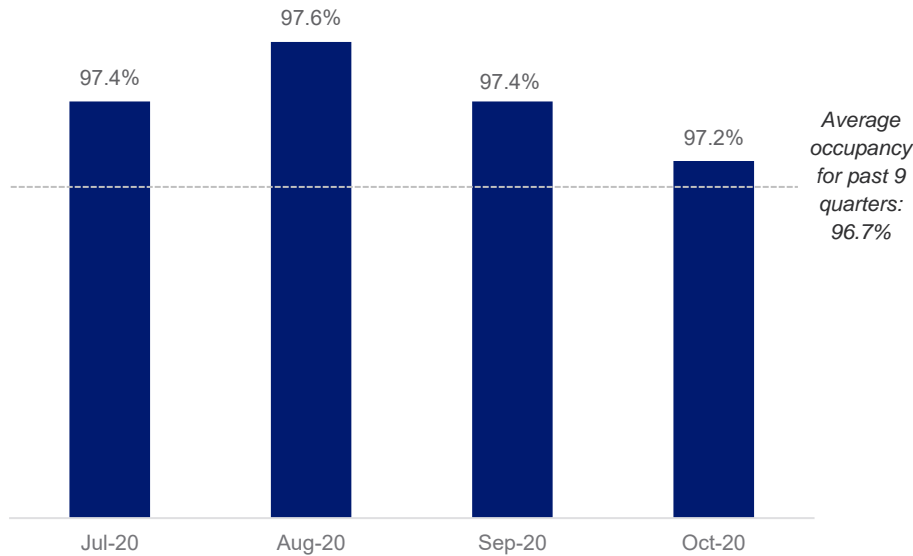
In thousands of U.S. dollars





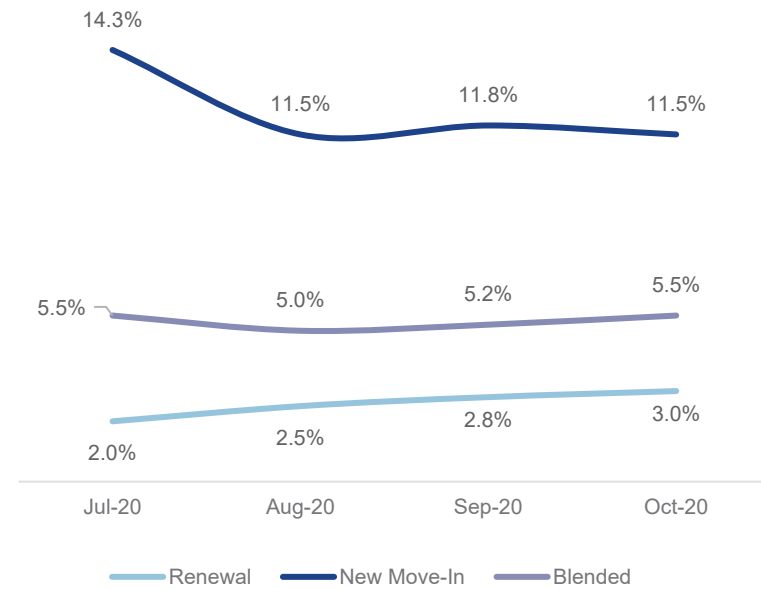
# Single-Family Rental – Post Q3 2020 Operational Update

**Same Home Average Occupancy<sup>1</sup>**



Sustaining near-record occupancy throughout the pandemic

**Same Home Average Rent Growth<sup>1</sup>**



Re-leasing spreads driven by strong market demand, limited supply of homes and loss-to-lease

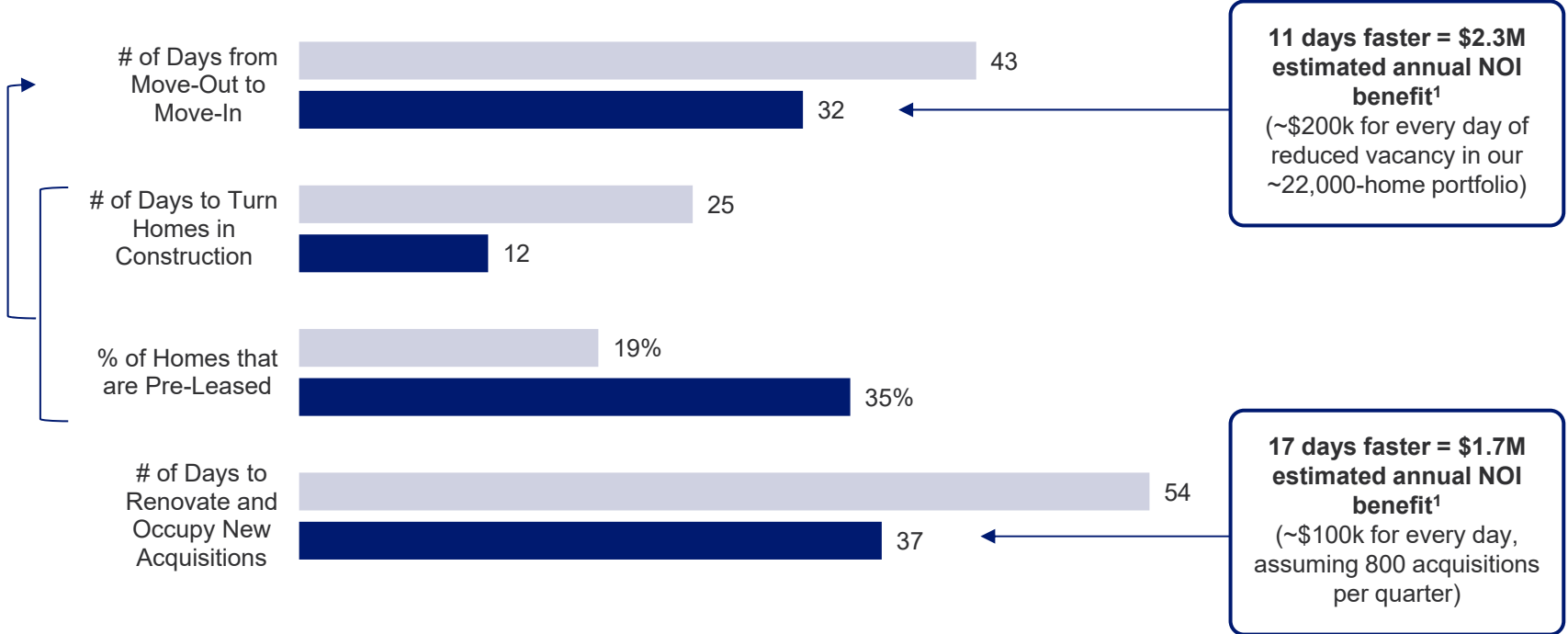
1. Metrics reflect Tricon's proportionate share of the managed portfolio and exclude limited partners' interests in the SFR JV-1 portfolio

# Single-Family Rental – Operational KPIs

We have seen a meaningful improvement in our operational KPIs over the past year which has materially reduced 'downtime' and increased rental revenue and NOI

Single-Family Rental – Operational KPIs – Q3 2019 vs Q3 2020

■ Q3 2019  
■ Q3 2020



1. NOI estimates are based on the consolidated portfolio assuming current rents, home count, 30% turnover and 66% NOI margin

# SFR Acquisition Program Ramping Back Up

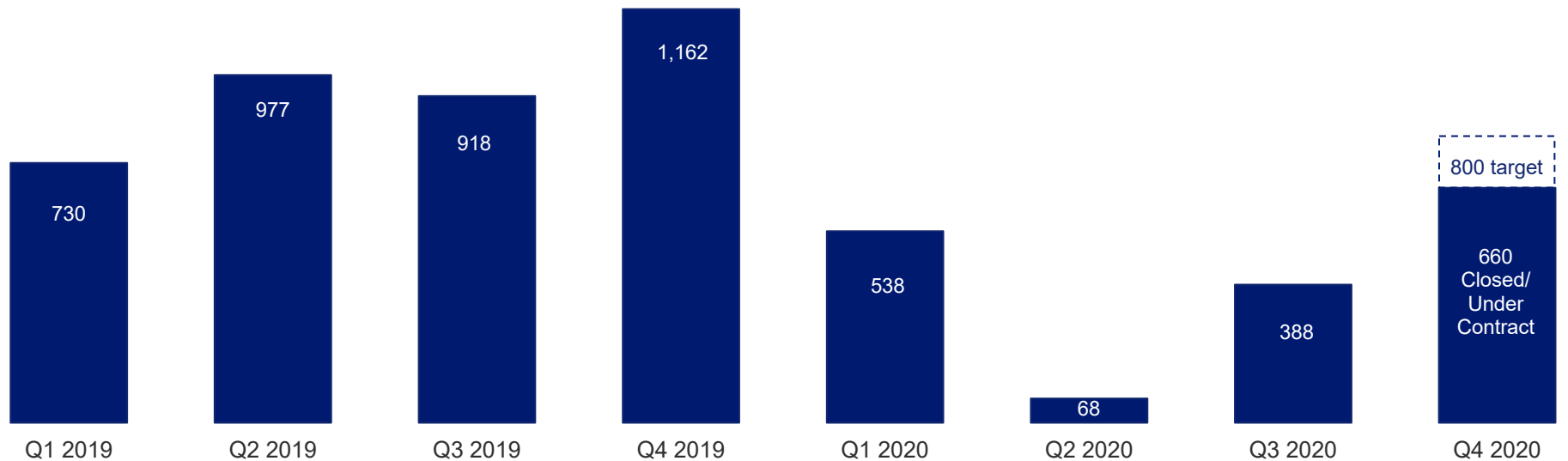
Tricon resumed SFR acquisitions in Q3 2020 and continues to see a strong supply of homes meeting the SFR JV's acquisition criteria within its target markets

## Resale Home Listings in Active Acquisition Markets – Q3 2019 vs Q3 2020 (MLS)

	Atlanta	Charlotte	Columbia	Dallas	Houston	Indianapolis	Jacksonville	Nashville	Orlando	Phoenix	Raleigh	San Antonio	Tampa	Grand Total
Q3 2019	21,821	19,020	4,782	28,937	25,111	12,242	6,239	20,062	26,227	27,881	12,931	9,071	19,387	233,711
Q3 2020	33,028	21,806	4,535	41,097	35,910	14,077	11,451	20,835	23,798	30,891	13,595	11,751	33,668	296,442
Variance	51.4%	14.6%	-5.2%	42.0%	43.0%	15.0%	83.5%	3.9%	-9.3%	10.8%	5.1%	29.5%	73.7%	26.8%

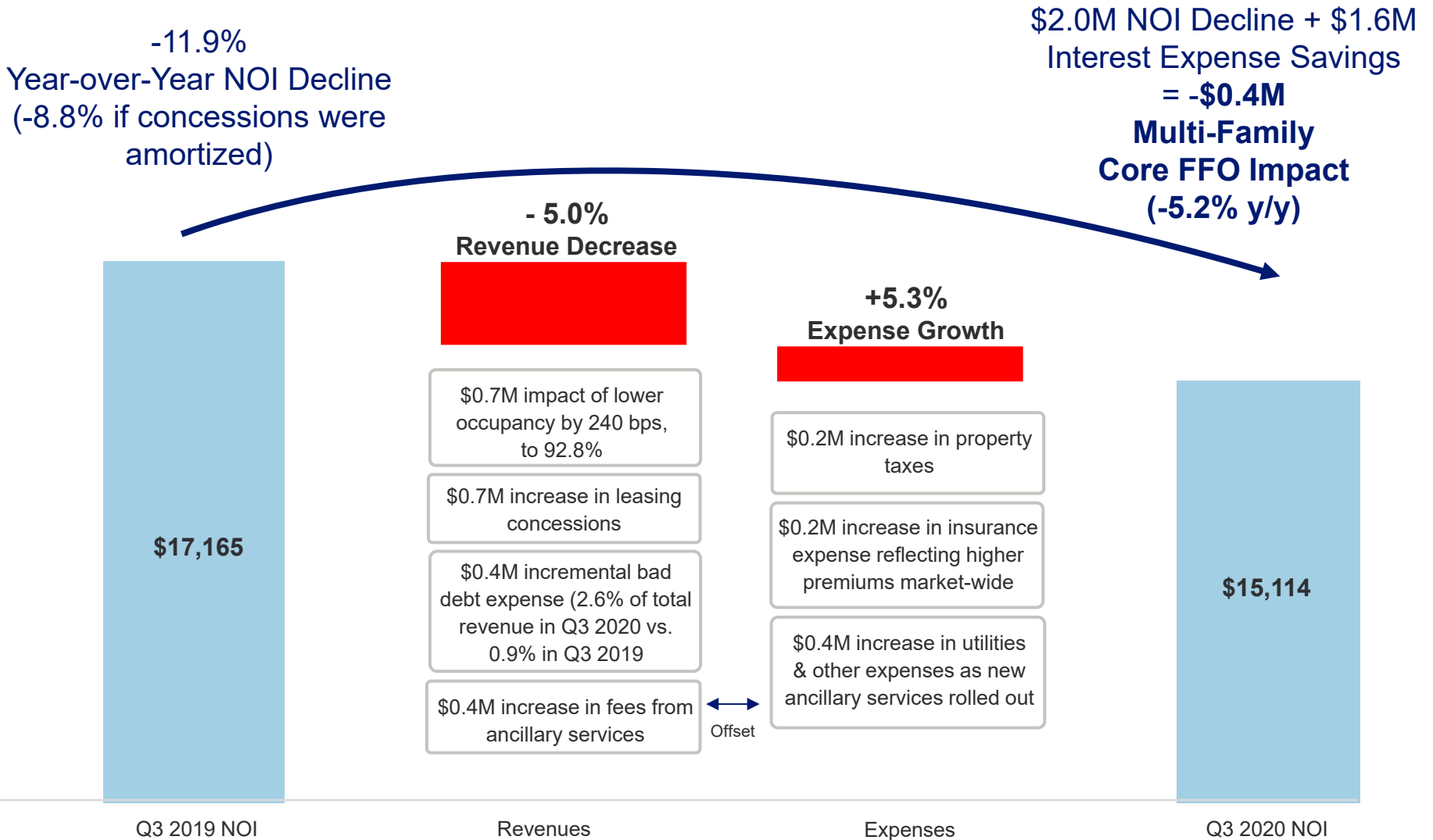
Resale volumes up 26.8% in target acquisition markets

## SFR Home Acquisitions – Q1 2019 to Q4 2020



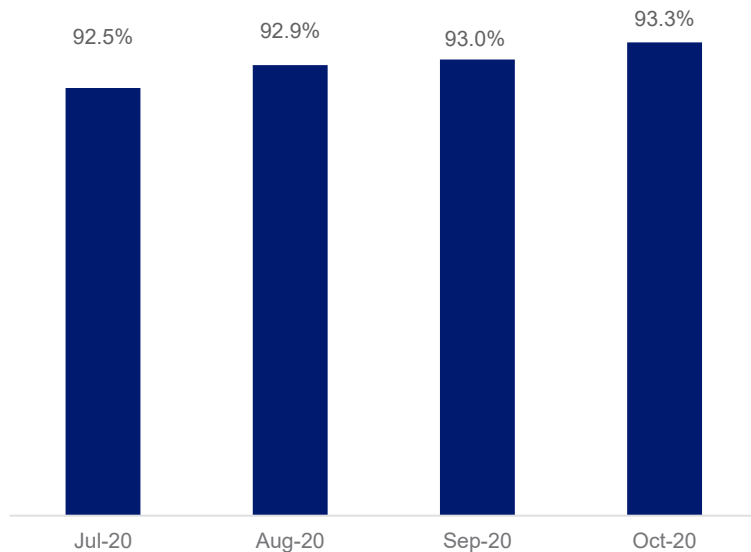
# U.S. Multi-Family Rental – Q3 2020 NOI Drivers

In thousands of U.S. dollars



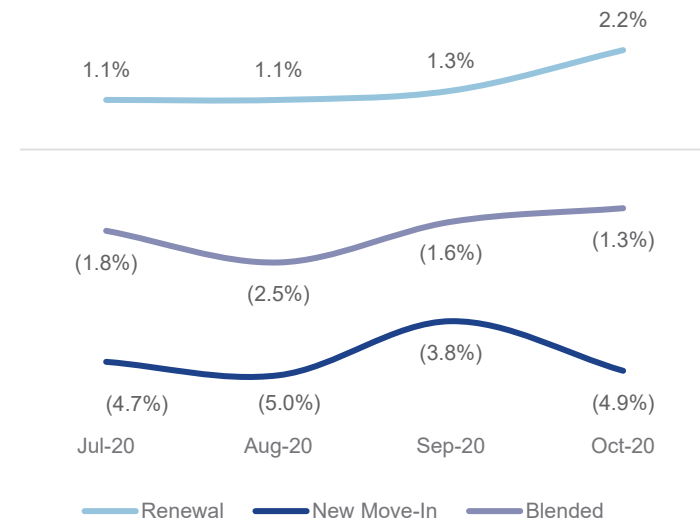
# U.S. Multi-Family Rental – Post Q3 2020 Operational Update

**Same Property Average Occupancy**



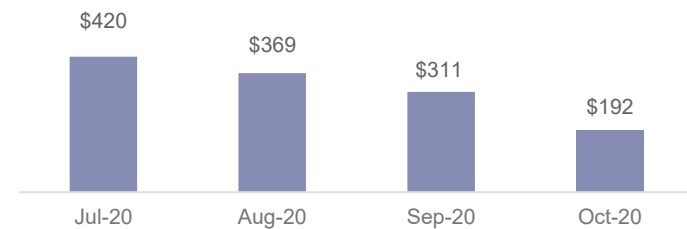
*Ended the month of October at 93.7% occupancy*

**Same Property Average Rent Growth**

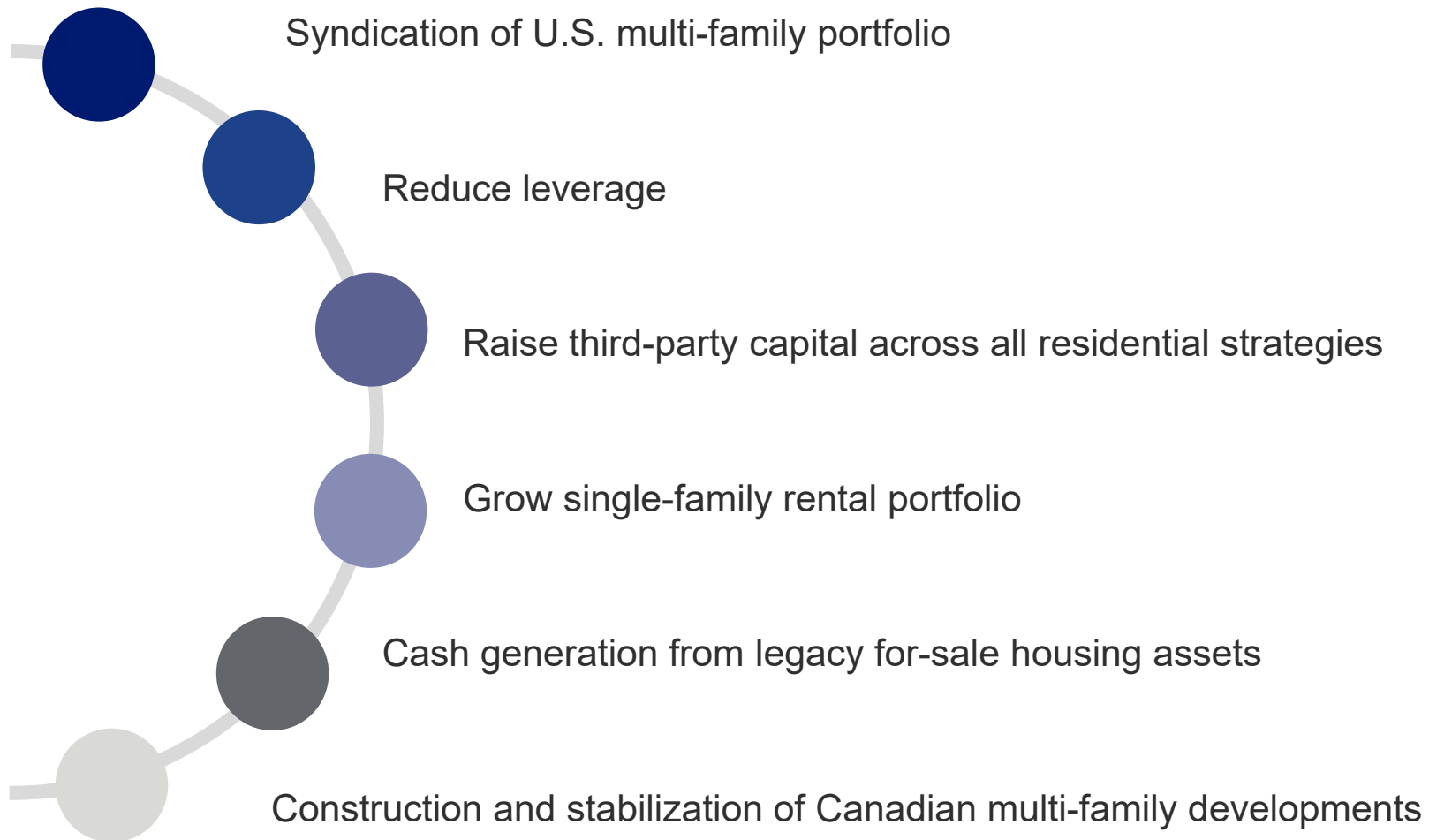


Leasing trends are improving while concessions being reduced

**Same Property Average Concession per Signed Lease**



# Upcoming Catalysts<sup>1</sup>



1. Refer to the Forward-Looking Statements on Page 1



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**Gary Berman**  
President and  
Chief Executive Officer

**Wissam Francis**  
Executive Vice President  
and Chief Financial Officer

**Wojtek Nowak**  
Managing Director,  
Capital Markets

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