



Tricon Delivers Solid Q2 2021 Results with Major SFR Growth Initiatives in Place

Toronto, Ontario - August 11, 2021 - Tricon Residential Inc. (TSX: TCN) ("Tricon" or the "Company"), an owner and operator of single-family rental homes and multi-family rental apartments in the United States and Canada, announced today its consolidated financial results for the three and six months ended June 30, 2021. The Company also provided an update on recent operating trends. All financial information is presented in U.S. dollars unless otherwise indicated.

The Company reported strong operational and financial results in the second quarter, including the following highlights:

- Net income from continuing operations was \$146.3 million compared to \$30.2 million in the prior year; diluted earnings per share from continuing operations was \$0.72 compared to \$0.16 per share in the prior year;
- Core FFO per share increased by 27% year-over-year to \$0.14 (C\$0.17) and is attributable to the strong operating performance in the single-family rental business, increased fee revenue and healthy performance from U.S. residential developments;
- Same home Net Operating Income ("NOI") for the single-family rental business grew by 5.5% year-over-year and same home NOI margin reached 66.6%. Excluding the impact of the Texas winter storm, the same home NOI margin would have been 66.9% and same home NOI growth would have been 6.1% year-over-year. Same home occupancy increased by 0.1% year-over-year to 97.6%, and blended rent growth was 8.0% (comprised of new lease rent growth of 17.0% and renewal rent growth of 4.7%);
- Same home rent growth accelerated in July, with blended rent growth of 9.3%, including 20.7% growth on new leases and 4.9% growth on renewals, while the same home occupancy remained stable at 97.5%. The pace of acquisitions has also increased, and management expects to acquire over 2,000 single-family rental homes in Q3 2021;
- The Company expanded its single-family rental portfolio through the organic acquisition of a record 1,504 homes;
- On May 10, 2021, the Company announced a new joint venture ("SFR JV-HD") with two leading institutional investors to acquire up to 5,000 newly built single-family rental homes from national and regional homebuilders. The joint venture has committed capital of up to \$450 million, for a total purchasing potential of up to \$1.5 billion including associated leverage;
- Subsequent to quarter-end, on July 19, 2021, the Company announced a new joint venture ("SFR JV-2") with three institutional investors to acquire over 18,000 existing single-family rental homes targeting the middle-market demographic in the U.S. Sun Belt. The joint venture has committed capital of up to \$1.55 billion, for a total purchasing potential of up to \$5 billion including associated leverage; and

- On July 13, 2021, Tricon appointed Ms. Renee Lewis Glover to its Board of Directors. Ms. Glover has been honoured by HousingWire as one of 40 Women of Influence in Real Estate.

"Tricon continued to deliver best-in-class operating and financial results in the second quarter, with Core FFO per share growth of 27% driven by broad-based strength across our business. Our performance reflects the compelling fundamentals we are seeing in the U.S. housing market, particularly in Sun Belt states, as Americans continue to seek out high quality and relatively affordable rental housing in high growth markets," said Gary Berman, President and CEO of Tricon. "Our core single-family rental same home NOI growth of 6.1% (excluding the Texas freeze), occupancy of 97.6% and new leasing spreads of 17.0% reflect these incredible demand trends and also speak to the shortage of professionally managed rental housing. In fact, in a given week, we receive approximately 6,000 leasing inquiries with only 250 single-family homes available to rent at any time. To better serve prospective residents and meet this exceptional demand, we are partnering with major institutional investors through our recently announced Homebuilder Direct and SFR JV-2 joint ventures, which will enable us to double our single-family rental portfolio to approximately 50,000 homes in the next three years. Following our successful equity raise this quarter and \$2 billion of third-party equity commitments raised year-to-date, we are well positioned with the capital in place to deliver on our exciting growth plans."

Financial Highlights

For the periods ended June 30

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

	Three months		Six months	
	2021	2020	2021	2020
Financial highlights on a consolidated basis				
Net income (loss) from continuing operations, including:	\$ 146,322	\$ 30,165	\$ 188,226	\$ (16,368)
Fair value gain on rental properties	254,312	32,839	366,614	53,476
Income (loss) from investments in U.S. residential developments	8,251	3,155	14,910	(76,424)
Basic earnings (loss) per share attributable to shareholders of Tricon from continuing operations	0.73	0.16	0.95	(0.09)
Diluted earnings (loss) per share attributable to shareholders of Tricon from continuing operations	0.72	0.16	0.94	(0.09)
Net loss from discontinued operations	—	(12,824)	(67,562)	(6,796)
Basic loss per share attributable to shareholders of Tricon from discontinued operations	—	(0.07)	(0.34)	(0.03)
Diluted loss per share attributable to shareholders of Tricon from discontinued operations	—	(0.07)	(0.34)	(0.03)
Dividends per share	\$ 0.07	\$ 0.07	\$ 0.14	\$ 0.14
Weighted average shares outstanding - basic	199,113,835	194,001,974	197,024,375	194,562,871
Weighted average shares outstanding - diluted	200,742,510	195,196,126	198,586,256	194,562,871
Non-IFRS⁽¹⁾ measures on a proportionate basis				
Core funds from operations ("Core FFO") ⁽²⁾	\$ 35,726	\$ 24,199	\$ 68,248	\$ 45,692
Adjusted funds from operations ("AFFO") ⁽²⁾	28,226	18,316	54,043	33,166
Core FFO per share ⁽³⁾	0.14	0.11	0.27	0.22
Core FFO per share (CAD) ^{(3),(4)}	0.17	0.15	0.34	0.30
AFFO per share ⁽³⁾	0.11	0.09	0.22	0.16
AFFO per share (CAD) ^{(3),(4)}	0.14	0.12	0.27	0.22

(1) Non-IFRS measures are presented to illustrate alternative relevant measures to assess the Company's performance and ability to generate cash. Refer to Page 1 and Section 5 of Tricon's MD&A.

(2) Fair value gains recognized on equity-accounted investments in Canadian residential developments of \$5,099 in the first quarter of 2020 and performance share unit (PSU) expense of \$1,232 and \$790 for the three and six months ended June 30, 2020, respectively, have been removed from Core FFO to conform with the current period presentation. This change resulted in a \$1,232 increase in Core FFO and AFFO for the three months ended June 30, 2020, and a \$4,309 decrease in Core FFO and AFFO for the six months ended June 30, 2020.

(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 was 252,511,687 and 250,358,803 for the three and six months ended June 30, 2021, respectively, and 211,677,963 and 212,281,634 for the three and six months ended June 30, 2020, respectively.

(4) USD/CAD exchange rates used are 1.2282 and 1.2470 for the three and six months ended June 30, 2021 (2020 - 1.3853 and 1.3651), respectively.

Net income from continuing operations in the second quarter of 2021 was \$146.3 million compared to \$30.2 million in the second quarter of 2020, and included:

- Revenue from single-family rental properties of \$105.9 million compared to \$91.2 million in the second quarter of 2020 reflecting 15.7% growth in the portfolio size and 5.7% growth in average

effective monthly rent, partially offset by a 1.0% decrease in occupancy driven by an accelerated pace of acquisition of vacant homes.

- Direct operating expenses of \$35.2 million compared to \$29.9 million in the second quarter of 2020 driven by higher costs associated with the aforementioned growth in the single-family rental business and partially offset by turnover expense savings. The turnover expense savings were attributable to a slightly lower turnover rate (23.1% in Q2 2021 compared to 23.5% in Q2 2020), higher resident recoveries, and a higher percentage of turnover costs being capitalized as non-essential capital projects were curtailed in the comparative period.
- Income from investments in U.S. residential developments of \$8.3 million compared to \$3.2 million in the second quarter of 2020 resulting from a continued post-pandemic economic recovery, low mortgage rates and favourable demographic trends which all contributed to strong demand for for-sale housing and positive residential development project performance.
- Fair value gain on rental properties of \$254.3 million compared to \$32.8 million in the second quarter of 2020 as a result of higher home values for the single-family rental portfolio. The appreciation in home prices was primarily driven by higher demand for suburban housing due to lower mortgage rates, population growth in the U.S. Sun Belt markets, and the constricted supply of new homes.

Net income from continuing operations for the six months ended June 30, 2021 was \$188.2 million compared to a net loss of \$16.4 million for the six months ended June 30, 2020, and included:

- Revenue from single-family rental properties of \$204.4 million and direct operating expenses of \$67.5 million, compared to \$178.9 million and \$59.6 million in the prior year, respectively, which translated to an NOI increase of \$17.6 million driven by the growth in the single-family rental portfolio.
- Income from investments in U.S. residential developments of \$14.9 million compared to a loss of \$76.4 million in the same period of the prior year, attributable to strong project performance in the current period compared to a one-time fair value write-down in the comparative period due to the onset of the COVID-19 pandemic.
- Fair value gain on rental properties of \$366.6 million compared to \$53.5 million in the same period of the prior year, for the reasons discussed above.

Net loss from discontinued operations was \$67.6 million for the six months ended June 30, 2021 compared to a net loss of \$6.8 million for the six months ended June 30, 2020, driven primarily by the non-cash loss related to a \$79.1 million goodwill derecognition. This goodwill was initially recognized when Tricon transitioned to a rental housing company on January 1, 2020 based on the difference in the tax bases and the fair values of the assets deemed to have been acquired on the transition day. The Company's sale of its 80% interest in the U.S. multi-family rental business on March 31, 2021 constituted a loss of control from an accounting perspective, and therefore, the entire balance sheet of the business and the associated goodwill on the corporate balance sheet were deconsolidated.

Core funds from operations ("Core FFO") for the second quarter of 2021 was \$35.7 million, an increase of \$11.5 million or 48% compared to \$24.2 million in the second quarter of 2020. This increase was driven by strong operating results from Tricon's growing single-family rental portfolio as discussed above, and improved performance of the Company's U.S. residential development investments which resulted in higher investment income and performance fees recognized during the quarter. For these same reasons, Core FFO increased by \$22.6 million or 49% to \$68.2 million for the six months ended June 30, 2021, compared to \$45.7 million in the same period of the prior year.

Adjusted funds from operations ("AFFO") for the three and six months ended June 30, 2021 was \$28.2 million and \$54.0 million, respectively, an increase of \$9.9 million (54%) and \$20.9 million (63%) from the same periods in the prior year. This growth in AFFO reflects the increase in Core

FFO discussed above, partially offset by a moderate increase in capital expenditures. Recurring capital expenditures increased year-over-year in the single-family rental portfolio reflecting \$0.5 million incurred for Texas storm-related damage, a 15.7% expansion in the portfolio size and suppressed activity in the comparative period as non-essential capital projects were curtailed at the height of the COVID-19 pandemic.

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 Company's single-family rental joint ventures.

For the periods ended June 30 (in thousands of U.S. dollars, except percentages)	Three months		Six months	
	2021	2020	2021	2020
Net operating income (NOI)	\$ 54,057	\$ 49,192	\$ 105,684	\$ 96,860
Same home net operating income (NOI) margin	66.6%	66.4%	66.6%	66.2%
Same home net operating income (NOI) margin, excluding storm impact ⁽¹⁾	66.9%	66.4%	67.0%	66.2%
Same home net operating income (NOI) growth	5.5%	N/A	4.9%	N/A
Same home net operating income (NOI) growth, excluding storm impact ⁽¹⁾	6.1%	N/A	5.5%	N/A
Same home bad debt as a percentage of revenue ⁽²⁾	1.7%	1.6%	1.9%	1.2%
Same home occupancy	97.6%	97.5%	97.5%	97.0%
Same home annualized turnover	22.6%	23.0%	21.5%	22.2%
Same home average quarterly rent growth - renewal	4.7%	3.3%	4.4%	4.1%
Same home average quarterly rent growth - new move-in	17.0%	8.0%	14.8%	7.4%
Same home average quarterly rent growth - blended	8.0%	4.6%	7.4%	5.1%

(1) The same home NOI margin excludes the impact of a severe winter storm in Texas in 2021.

(2) Bad debt is expressed as a percentage of gross revenue. Tricon reserves 100% of residents' accounts receivable balances that are older than 30 days as bad debt.

Single-family rental NOI was \$54.1 million for the three months ended June 30, 2021, an increase of \$4.9 million or 9.9% compared to the same period in 2020. Excluding the impact of the Texas winter storm, NOI and NOI growth would have been \$54.3 million and 10.5%, respectively. The variance in NOI is attributable to \$6.7 million growth in rental revenue reflecting the expansion of the portfolio (24,961 homes in Q2 2021 vs. 21,582 homes in Q2 2020) along with higher average monthly rent (\$1,513 in Q2 2021 vs. \$1,432 in Q2 2020). This favourable change was partially offset by a \$2.3 million increase in direct operating expenses associated with the larger portfolio, net of savings from lower resident turnover and improved resident recoveries.

Single-family rental same home NOI growth was 5.5% in the second quarter of 2021. Excluding the impact of the Texas winter storm, NOI growth would have been 6.1% year-over-year. The favourable variance in NOI was driven by an increase of \$3.3 million, or 5.0%, in rental revenue, reflecting 5.5% higher average monthly rent (\$1,509 in Q2 2021 vs. \$1,431 in Q2 2020) as well as a 0.1% increase in occupancy. These positive variances were partially offset by higher bad debt expense and incremental operational concessions offered to residents inconvenienced by the winter storm in Texas. Same home operating expenses increased by \$1.1 million, or 5.0%, primarily

attributable to one-time repairs associated with the winter storm in Texas as well as an increase in property taxes as a result of higher assessed property values.

U.S. multi-family rental

Tricon's share of U.S. multi-family rental NOI was \$3.5 million for the second quarter of 2021 compared to \$3.3 million for the same period in 2020, a \$0.2 million or 5.9% increase. The NOI growth is attributable to a \$0.3 million or 5.7% increase in revenue driven primarily by a 2.1% year-over-year increase in occupancy to 95.6% and incremental fee revenue earned on ancillary services. The portfolio's quarterly NOI and occupancy are now above pre-pandemic levels. The KPIs mentioned in this discussion reflect only Tricon's 20% ownership interest in the U.S. multi-family portfolio and comparative results have been recast where appropriate to assist the reader with comparability.

Subsequent to quarter-end, the Company assumed property management responsibilities for the majority of its U.S. multi-family properties and plans to complete the internalization for the entire portfolio by the end of Q3 2021. This internalization is expected to produce additional synergies through the Company's centralized property management function and will enable Tricon to earn property management fees.

Change in Net Assets

As at June 30, 2021, Tricon's net assets increased by \$301.1 million to \$2.0 billion compared to \$1.7 billion as at March 31, 2021. The increase was primarily driven by reported net income of \$145.5 million for the quarter, including a fair value gain of \$254.3 million on Tricon's single-family rental portfolio, which reflects a combination of Broker Price Opinions ("BPOs") and home price appreciation of 5.2% (20.8% annualized), net of capital expenditures, \$14.3 million of income from investments in multi-family rental (the majority of which was driven by fair value gains), and \$8.3 million of income from U.S. residential developments. These amounts were partially offset by a fair value loss of \$41.5 million on derivative financial instruments, along with common share dividends of \$10.4 million. In addition, net assets increased by \$161.8 million (C\$195.4 million) from the net proceeds of the issuance of 15,480,725 common shares of the Company on a bought deal basis on June 8, 2021.

As a result, Tricon's book value (net assets) per common share outstanding increased to \$9.57 (C\$11.87) as at June 30, 2021 compared to \$8.80 (C\$11.06) as at March 31, 2021.

Investment Activity

The Company continued to expand its single-family rental portfolio through the organic acquisition of a record 1,504 homes during the quarter, bringing its total managed portfolio to 25,008 homes. On May 10, 2021, the Company entered into a new joint venture ("SFR JV-HD") to acquire new single-family homes directly from national and regional homebuilders, which naturally complements its existing organic resale and portfolio acquisition programs. Management expects to acquire an average of 1,500 homes per quarter for the remainder of 2021.

Subsequent to quarter-end, on July 19, 2021, the Company announced a new joint venture arrangement ("SFR JV-2" or the "Joint Venture") with the Teacher Retirement System of Texas, Pacific Life Insurance Company and one of Tricon's existing global investors. Over a three-year investment period, SFR JV-2 plans to acquire more than 18,000 single-family rental homes in the U.S. Sun Belt. The Joint Venture will have an initial equity commitment of \$1.40 billion and include the ability for investors to increase the vehicle size to \$1.55 billion, including Tricon's co-investment of \$450 million, representing approximately \$5 billion of purchasing power when including associated leverage.

Across Tricon's Canadian residential developments portfolio, significant development milestones were achieved during the quarter as construction commenced at Blocks 3/4/7 and Block 10 of the West Don Lands projects. Meanwhile, construction continues to progress at The Taylor, West Don Lands (Block 8), The Ivy and The James, subject to public health regulations, and is largely being funded by construction loans.

In May 2021, Tricon and its joint venture partner, Canada Pension Plan Investment Board ("CPP Investments"), closed on its first investment, a 1.8-acre development site in Toronto's Queen East neighbourhood ("Queen & Ontario"). Tricon continues to evaluate additional investment opportunities as part of its recently-announced joint venture with CPP Investments.

Balance Sheet and Liquidity

As at June 30, 2021, Tricon's proportionate debt (excluding convertible and exchangeable instruments) was \$2.3 billion compared to proportionate total assets of \$5.4 billion (\$2.2 billion net debt and \$5.3 billion of assets, excluding cash).

During the second quarter of 2021, the Company repaid \$346.3 million of near-term debt using a portion of the cash proceeds from the syndication of 80% of its U.S. multi-family rental portfolio. The early repayment of debt significantly reduced the Company's proportionate leverage, resulting in a net debt to assets ratio of 41.8% on a proportionate basis as at June 30, 2021 compared to 45.6% as at March 31, 2021.

Tricon's liquidity consists of a \$500 million corporate credit facility with \$486 million of undrawn capacity as at June 30, 2021. The Company also had approximately \$85 million of unrestricted cash on hand, resulting in total liquidity of \$571 million compared to \$776 million as at March 31, 2021.

Quarterly Dividend and Subsequent Events

On July 30, 2021, the Company gave notice to debenture holders of its intention to redeem in full all of the outstanding balance of the 5.75% extendible convertible unsecured subordinated debentures (the "2022 convertible debentures") effective September 9, 2021, and has elected to satisfy the redemption price by the issuance of common shares of the Company. As of July 30, 2021, the outstanding 2022 convertible debentures are convertible into 16,388,528 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 (equivalent to C\$13.02 as of July 30, 2021).

On August 10, 2021, the Board of Directors of the Company declared a dividend of seven cents per common share in Canadian dollars payable on or after October 15, 2021 to shareholders of record on September 30, 2021.

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 Investors 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, August 12, 2021 to discuss the Company's results. Please call (833) 302-1892 or (236) 714-3860 (Conference ID # 2185114). The conference call will also be accessible via webcast at www.triconresidential.com (Investors - News & Events). A replay of the call will be available from 1 p.m. ET on August 12, 2021, until midnight ET on September 12, 2021. To access the replay, call (800) 585-8367 or (416) 621-4642, followed by passcode 2185114.

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 six months ended June 30, 2021, 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.

Tricon Residential is an owner and operator of a growing portfolio of approximately 33,000 single-family rental homes and multi-family rental apartments in the United States and Canada with a primary focus on the U.S. Sun Belt. Our commitment to enriching the lives of our residents and local communities underpins Tricon's culture and business philosophy. We strive to continuously improve the resident experience through our technology-enabled operating platform and innovative approach to rental housing. At Tricon Residential, we imagine a world where housing unlocks life's potential. For more information visit www.triconresidential.com.

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This news release may contain forward-looking statements pertaining to expected future events, financial and operating results, and projections of the Company (including statements related to targeted financial performance and leverage; and expected formation of new investment vehicles and the benefits to the Company of such transactions). 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 six months ended June 30, 2021, which is available on SEDAR at www.sedar.com.