

Investing in Communities



Q2 2019 Earnings Presentation
August 8, 2019

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 Capital Group Inc. and its subsidiaries and investees (together, the “Company”) as of June 30, 2019, 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 June 30, 2019 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. These indicators should not be considered an 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 and on SEDAR at 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.

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 investment opportunities and the performance goals and expectations of its investees, including, in particular, targeted returns 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 investment returns and performance including project timing and cash flow; the ability of the Company to generate fee income from investments and the quantum of these fees; the ability to attract third-party investment; the timing and availability of new investment opportunities and pace of TAH home acquisitions; future net income from investments; 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; and improvements to the Company’s financial reporting. In regards to the targets presented on page 10, 2019 Target assumes that future performance will be materially consistent with performance for the first half of 2019, though there can be no assurance this will be the case. 2022 Target is based on the assumed impact of the growth drivers listed and the assumption that other drivers of FFO performance will not deteriorate over the relevant period. There can be no assurance that these growth objectives will be realized or that actual performance will align with the Company’s targets. 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 performance fees are based in part on projected cash flows for incomplete projects. 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 investment performance and fee 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. 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.

Q2 2019 Highlights



- NOI grew by 29% to \$47.1 million
- Total Portfolio Core FFO increased by 73% to \$19.6 million
- Tricon's share of Core FFO increased by 60% to \$18.2 million
- Blended rent growth of 6.2%
- Same Home NOI growth of 11.6%
- Acquired 977 homes during the quarter for the TAH JV-1 portfolio



- Completed the acquisition of Starlight U.S. Multi-Family (No. 5) Core Fund (the "Multi-Family Core Portfolio")
 - For the full quarter, realized NOI growth of 5.6% year-over-year to \$16.6 million
 - Renewal rent growth of 3.8%
- 50% units leased at The Selby in TLR Canada



- Contractual fee revenue increased by 25% to \$9.4 million

Q2 2019 Results Overview

Second quarter IFRS results include one time transaction costs related to the Multi-Family Core Portfolio acquisition and fluctuations in fair value; when one time / non-recurring items are removed, Tricon reported strong operational performance in Q2 driven by its core rental business

IFRS Results

(in thousands of U.S. dollars)

	Q2 2019	Q2 2018	% YoY
Net Income	\$ 12,356	\$ 39,763	(69%)
Diluted Earnings Per Share	\$ 0.04	\$ 0.29	(86%)
Net Income Includes:			
Transaction Costs	\$ (24,888)	\$ (82)	NMF
TLC Investment Income	-	19,602	NMF
TAH FV Gains	23,511	37,265	(37%)
FV Gain/(Loss) of Derivatives	8,060	(9,527)	NMF
Total	6,683	47,258	(86%)
Net Income excluding items above	5,673	(7,495)	

Key Variance Drivers

Year-over-year net income variance is largely a result of one time transaction costs, TLC investment income, TAH FV gains and FV Gain/(Loss) of Derivatives (see below)

Related to the Multi-Family Core Portfolio acquisition

Sale of TLC portfolio for gross proceeds of \$172.5 million in Q2/18

Home Price Index: 0.8% in Q2/19 vs. 1.7% in Q2/18
Homes BPO'ed: nil in Q2/19 vs. 519 in Q2/18

FV gain on 2022 convertible debentures due to decrease in Tricon's share price during Q2/19 vs. fair value loss in Q2/18

Q2 2019 Results Overview (Cont.)

Excluding the gain on sale from TLC in the prior year and the change in TAH fair value gains, Adjusted EBITDA increased 31% year over year

Non-IFRS Results

After removing non-cash and non-recurring items¹:

For the three months ended June 30
(in thousands of U.S. dollars)

	Q2 2019	Q2 2018	% YoY
TAH Adjusted EBITDA	\$ 62,562	\$ 67,650	(8%)
TLR Adjusted EBITDA	3,883	3,263	19%
THP Adjusted EBITDA	2,118	3,561	(41%)
TLC Adjusted EBITDA	-	23,212	NMF
Fee income net of adjusted non-controlling interest	8,533	6,807	25%
Adjusted EBITDA before overhead	77,096	104,493	(26%)
Adjusted compensation and G&A expense	(11,135)	(11,566)	(4%)
Adjusted EBITDA	\$ 65,961	\$ 92,927	(29%)
Adjusted interest expense	(30,921)	(27,316)	13%
Adjusted other expenses	(1,352)	(1,118)	21%
Adjusted income tax expense	(2,771)	(4,359)	(36%)
Adjusted Net Income	30,917	60,134	(49%)
Adjusted Diluted Earnings Per Share	\$ 0.19	\$ 0.39	(51%)
Wtd. Avg. Shares Outstanding - Diluted	174,133	161,629	8%

Key Variance Drivers

Includes:			
(in thousands of U.S. dollars)	Q2 2019	Q2 2018	% YoY
NOI	\$ 39,051	\$ 30,385	29%
FV Gain	23,511	37,265	(37%)

Higher construction costs and extended development timelines

Gain on sale of business in prior year

Higher TAH JV-1 management fees, higher Johnson development fees and performance fees

(in thousands of U.S. dollars)	Q2 2019	Q2 2018	\$ YoY
Adjusted EBITDA	\$ 65,961	\$ 92,927	(29%)
Less: TAH FV Gain	(23,511)	(37,265)	(37%)
Less: TLC Adjusted EBITDA	-	(23,212)	NMF
Adjusted EBITDA ex. TAH FV Gain and TLC Adjusted EBITDA	42,450	32,450	

+31%

1. Refer to the Management Discussion & Analysis Section 7 – Reconciliation of Non-IFRS Financial Measures for further detail.

Operational Highlights – Tricon American Homes

TAH achieved Core FFO of \$19.6M, an increase of 73% year-over-year

Consolidated Portfolio¹

For the three months ended June 30
(in millions of U.S. dollars)

	2019	2018	% YoY	
Total homes managed	19,080	15,995	19%	Acquired 977 homes during the quarter at targeted 5.9% cap rate
Revenue	\$ 72,350	\$ 58,896	23%	Grew homes in service to 17,856 vs. 15,182 in Q2/19 and achieved blended rent growth of 6.2% (4.7% on renewal and 9.6% on new move-ins)
Total operating expenses	25,235	22,375	13%	
NOI	\$ 47,115	\$ 36,521	29.0%	
NOI Margin	65.1%	62.0%	311 bps	Lower repair, maintenance and turnover costs due to lower turnover (28.0% vs. 30.9% YoY) and ~60% more work orders completed in-house
Corporate Overhead	(4,936)	(6,085)	(19%)	
Interest expense	(22,594)	(19,087)	18%	
Non-controlling interest	(1,397)	-	NMF	Reduced corporate overhead expenses with efficiencies of scale
Total Core FFO	\$ 19,585	\$ 11,349	72.6%	
TCN Portion of Core FFO	\$ 18,188	\$ 11,349	60.3%	

1. Reflects the entire portfolio under management, including the TAH JV-1 portfolio.

Operational Highlights – Tricon American Homes (Cont.)

TAH achieved record same home metrics delivering 11.6% NOI growth year-over-year

Same Home Portfolio

For the three months ended June 30
(in millions of U.S. dollars)

		2019	2018	% YoY
Revenue - Same Home	\$	58,877	\$ 55,675	6%
Expenses:				
Property taxes		9,220	8,333	11%
Repair, maintenance and turnover		4,481	6,418	(30%)
Other expenses		6,530	6,296	4%
Total operating expenses		20,231	21,047	(4%)
NOI	\$	38,646	\$ 34,628	11.6%
NOI margin		65.6%	62.2%	344 bps

Higher occupancy (97.3% in Q2/19 vs. 97.0% in Q2/18) combined with blended rent growth of 6.4% (4.8% renewal + 9.8% new move-ins)

Primarily driven by home price appreciation in prior periods

Lower repair, maintenance and turnover costs due to lower turnover (29.3% vs. 31.9% YoY) and ~45% more work orders completed in-house

1. Same home portfolio represents 76% of total managed homes and 93% of TAH wholly-owned homes.

Operational Highlights – TLR U.S.

Acquired the \$1.3 billion Multi-Family Core Portfolio, which achieved \$16.6M of NOI in the quarter, an increase of 5.6% compared to last year

Consolidated / Same Property Portfolio for the full quarter¹

For the three months ended June 30
(in millions of U.S. dollars)

	2019	2018	% YoY
Revenue	\$ 28,588	\$ 27,552	4%
Expenses:			
Property operating costs	7,015	7,299	(4%)
Property taxes	4,991	4,548	10%
Total operating expenses	12,006	11,847	1%
NOI	\$ 16,582	\$ 15,705	5.6%
NOI margin	58.0%	57.0%	

Higher occupancy (94.3% in Q2 2019 vs. 92.6% in Q2 2018) combined with renewal rent growth of 3.8%¹ and higher ancillary revenue driven by new bundled service offerings

Annualized turnover rate of 53.5%¹ and renegotiation of service contracts at favourable rates

Driven by higher property values and legacy tax appeal settlements

Consolidated / Same Property Portfolio from June 11, 2019 to June 30, 2019

NOI for the full quarter	\$ 16,582
NOI during Tricon's ownership (20 days)	3,818
Corporate overhead	(123)
Interest expenses	(2,122)
Core FFO	\$ 1,573

Tracking to underwritten annualized run rate of \$28-29 million of Core FFO

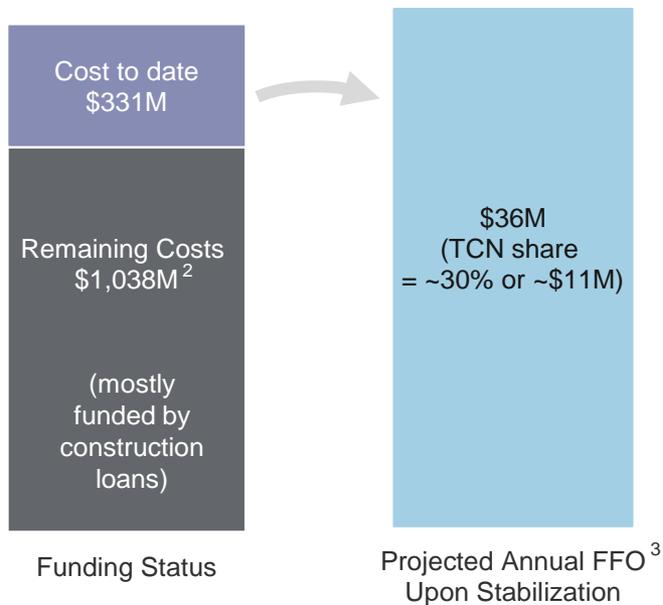
1. The measures discussed represent full-quarter results in order to maintain comparability with prior periods although Tricon did not own the portfolio prior to June 11, 2019. The historical metrics and financial information presented were reported by Starlight U.S. Multi-Family (No. 5) Core Fund (and are available under its profile on SEDAR at www.sedar.com) and may not be directly comparable to the current period disclosures. Please refer to the Company's MD&A for explanations of any relevant differences.

Operational Highlights – TLR Canada

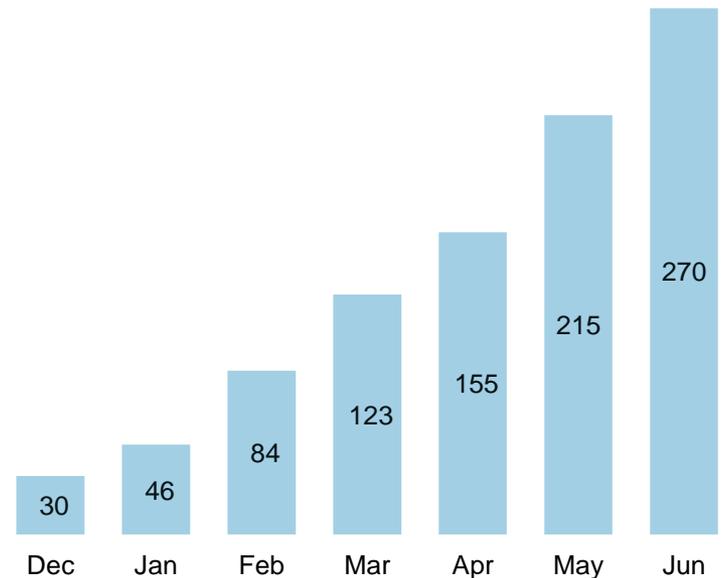
TLR Canada currently has ~3,200 units under lease or development and continued with the successful lease-up of The Selby in Q2

2,700+ Suites Under development ~500 Suites Available in Lease-Up → 50% The Selby Lease-Up (145 leases signed during Q2)

\$3.71 Average In-Place Rent PSF¹



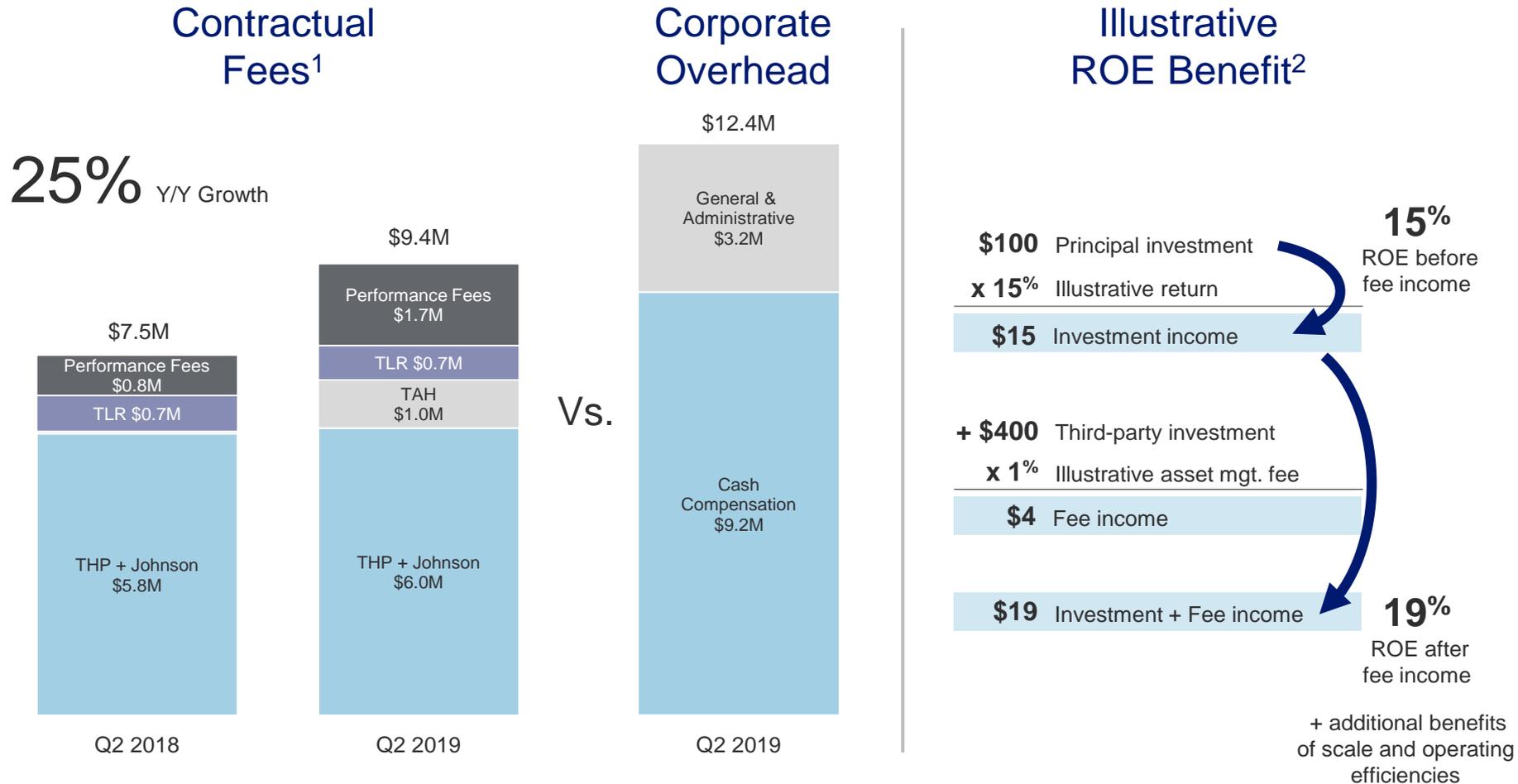
The Selby - Cumulative Leases



1. As of August 4th, 2019.
2. Based on current project plans, which are subject to change.
3. Calculated on a total portfolio basis and based on target development yield of 5.25% on cost, with assumed financing of 65% loan-to-cost and interest rate of 3.5%; Tricon's equity stake in the portfolio is approximately 30%. There can be no assurance that actual performance will align with these projections.

PF&A: Enhancing Shareholder Returns

Focus on growing third-party capital to scale faster and drive operational efficiency; our longer term goal is to largely offset corporate overhead with contractual fee income



1. Contractual fees are presented before deducting non-controlling interest related to Johnson.

2. Intended to illustrate the potential impact of contractual fees in the Company's investment returns and does not necessarily reflect the expected returns from any investment.

Introducing FFO per Share

As we increase our sources of recurring cash flow, we plan to adopt FFO per Share as a key measure of our performance

FFO per Diluted Share

(in thousands of U.S. dollars)	Q2 2019	Q2 2018	% YoY
Single-Family Rental (TAH) ¹	\$ 18,188	\$ 11,349	60%
Multi-Family Rental (TLR U.S.) ²	1,573	-	NMF
Residential Developments (THP + TLR CA) ³	5,210	2,599	100%
Contractual Fees ⁴	8,533	6,807	25%
Subtotal	33,504	20,755	61%
Less: Corporate Overhead ⁵	(12,386)	(11,049)	12%
Less: Corporate Interest Expense ⁶	(4,150)	(3,456)	20%
Total FFO	\$ 16,968	\$ 6,250	171%
Wtd. Avg. Shares Outstanding - Diluted	174,133	161,629	8%
FFO per Share in \$USD - Diluted	\$ 0.10	\$ 0.04	152%
FFO per Share in \$CAD - Diluted⁷	\$ 0.13	\$ 0.05	150%

Target FFO per Diluted Share⁸



Growth Drivers

Single-Family Rental	Acquire ~800 homes per quarter in the JV Assume 4-5% same home NOI growth
Multi-Family Rental	Assume ~3% same property NOI growth
Contractual Fees	Raise third party capital for TLR CA, TLR U.S. and THP

1. Tricon's share of TAH's core funds from operations (MD&A Section 4.1).
2. Q2 2019 figure represents 20 days of activity following the acquisition of the Multi-family Core Portfolio on June 11, 2019 (MD&A Section 4.2).
3. THP and TLR Canada investment income (MD&A Section 3.1) as an approximation of recurring cash flow. Actual cash flows may vary.

4. Contractual fees and performance fees, net of minority interest (MD&A Section 6).
5. G&A and cash compensation (MD&A Section 3.1, FS Note 16).
6. The impact of convertible debentures is captured in the diluted share count (FS Note 6).
7. USD/CAD rates for each period: Q2 2019 and 2022 forecast: 1.31; Q2 2018: 1.32.
8. Refer to Page 1.

Strategic Priorities¹

Shift to FFO per Share

- Continue to transform Tricon into a residential real estate company primarily focused on rental housing, providing stable, predictable income for shareholders
 - Target 10%+ compounded annual growth rate in FFO per Share
-

Increase Third-Party AUM

- Raise third-party capital in all business verticals to enhance scale, improve operational efficiency, and drive return on equity with incremental fee income
 - Add new third-party equity capital commitments of \$1.5B+ over three years and generate fee income that largely covers Tricon's corporate overhead
-

Grow Book Value per Share

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

Reduce Leverage

- Minimize corporate-level debt while maintaining prudent and largely non-recourse leverage at the subsidiary level
 - Pursue look-through leverage target of 50-55% net debt to assets, largely by reducing debt using THP cash flows
-

Improve Reporting

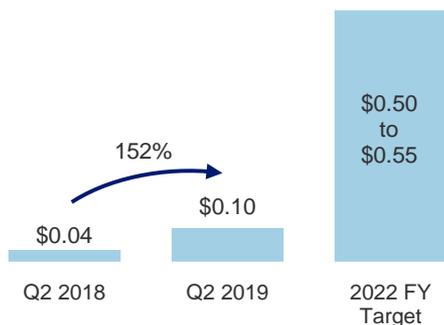
- Adopt financial disclosure practices that reduce complexity and improve comparability of results with real estate peers
-

1. There can be no assurance that these objectives will be achieved in line with the Company's current expectations, or at all.

Performance Dashboard

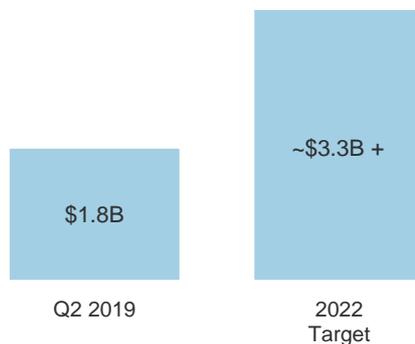
Shift to FFO per Share

Target 10%+ compounded annual growth



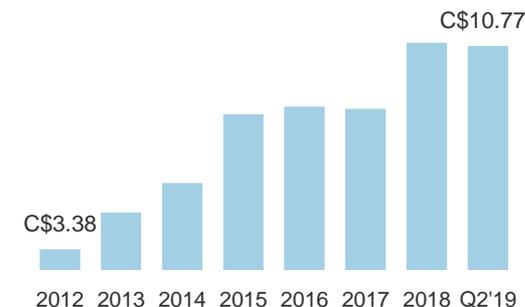
Increase Third-Party AUM

Target raising \$1.5B+ in fee-bearing capital over the next 3 years



Grow Book Value per Share

20% annualized growth since 2012

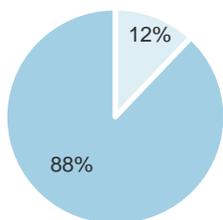


Book Value per Share does not fully capture the value from:

- Private Funds & Advisory fee stream (\$9.4M in Q2/19)
- Embedded growth in underlying investments

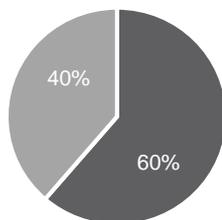
Reduce Leverage¹

Current Corporate Leverage



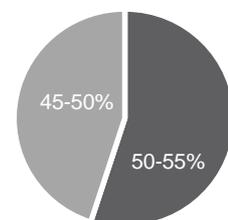
■ Equity ■ Debt

Total Current Look-Through Leverage²



■ Equity ■ Debt

Targeted Look-Through Leverage of 50-55%



Working towards 2019 syndication of Trinity Falls & Bryson (THP) and sale of Maxwell (TLR U.S.)

Improve Reporting

- Adopt more conventional company-wide real estate performance metrics, such as FFO per share
- Introduce comprehensive ESG plan
- Review financial disclosure practices vs. real estate peers

1. All debt figures are presented net of cash and exclude Tricon's outstanding 5.75% convertible debentures.
 2. Includes Tricon's share of THP net asset value.



Gary Berman

President and Chief Executive Officer

416.928.4122

gberman@triconcapital.com

Wissam Francis

Executive Vice President
and Chief Financial Officer

416.323.2484

wfrancis@triconcapital.com

Wojtek Nowak

Managing Director, Capital Markets

416.925.2409

wnowak@triconcapital.com