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Transformative Year for Tricon Capital Group Drives Record Earnings and Dividend Increase

Toronto, Ontario - February 28, 2018 - Tricon Capital Group Inc. (TSX: TCN), a principal investor and asset manager focused on the residential real estate industry, announced today its consolidated financial results for the three and twelve months ended December 31, 2017. All of the financial information presented in this news release is expressed in U.S. dollars unless otherwise indicated.

Key operational and financial highlights for Q4 2017 include:

- Net income for the quarter increased by 187% to \$25.7 million; basic and diluted earnings per share were \$0.19, representing an increase of 171% year-over-year;
- Assets under management ("AUM") increased by 53% year-over-year to \$4.6 billion (C\$5.8 billion);
- Tricon American Homes ("TAH") reported investment income of \$45.7 million, including \$34.7 million of net operating income ("NOI") and \$51.3 million of fair value gains;
- TAH's year-over-year NOI increase of 118% was driven by the successful acquisition and integration of Silver Bay Realty Trust Corp. ("Silver Bay") and strong operational performance, including 95.8% occupancy, 4.4% blended rent growth, a 63.0% NOI margin (64.4% excluding hurricane impact), and a 161% increase in Core FFO year-over-year;
- TAH also reported strong same home portfolio NOI growth of 7.7% year-over-year and a record NOI margin of 64.1%;
- Tricon Housing Partners ("THP") investment income decreased by 88% year-over-year to \$1.2 million primarily as a result of budget revisions for its active-adult development projects and lower invested capital from maturing funds;
- Adjusted EBITDA increased by 227% year-over-year to \$97.0 million; Adjusted basic earnings per share increased 159% to \$0.44 and Adjusted diluted earnings per share increased 144% to \$0.39 compared to the same period in the prior year; and
- Tricon announced a dividend increase of 8% to seven cents per share per quarter in Canadian dollars (C\$0.28 on an annualized basis).

"The fourth quarter was another period of record results for Tricon, with Adjusted EBITDA having more than tripled compared to the same period last year, while Adjusted diluted EPS grew by 144%," said Gary Berman, President and CEO of Tricon Capital. "Our Tricon American Homes single-family rental business achieved very strong operating metrics including NOI margin of 64.4%, which is a testament to the successful integration of the Silver Bay acquisition and the ongoing benefits of scale and technological innovation within the TAH platform. With the exception of weaker results at THP's active-adult development projects, performance across the rest of our investment portfolio remained solid as strong U.S. underlying housing fundamentals enabled us to raise rents or prices, generate higher operating margins and benefit from appreciating property values. Meanwhile, we continued to shift the investment mix in favour of more predictable earnings and cash flow streams,

giving us ever more confidence and visibility into future value creation for our shareholders. In recognition of the progress we have made and to signal our confidence in the future, we are also pleased to announce an increase in our dividend of nearly 8%, while still maintaining a relatively low payout ratio so that we can reinvest our capital and grow our business organically."

Financial Highlights

For the periods ended December 31 (in thousands of U.S. dollars, except per share amounts)	Three months		Twelve months	
	2017	2016	2017	2016
Investment income - Tricon Housing Partners	\$ 1,236	\$ 10,098	\$ 18,209	\$ 27,550
Investment income - Tricon American Homes	45,709	3,439	113,067	50,081
Investment income - Tricon Lifestyle Communities	1,187	1,731	7,381	5,108
Investment income (loss) - Tricon Lifestyle Rentals	5,950	(1,246)	12,391	2,066
Private Funds and Advisory revenue	7,331	7,823	25,399	26,595
Net income	25,724	8,964	69,348	59,760
Basic earnings per share	0.19	0.07	0.54	0.53
Diluted earnings per share	0.19	0.07	0.54	0.46
Dividends per share	C\$ 0.065	C\$ 0.065	C\$ 0.26	C\$ 0.26
Non-IFRS measures				
Adjusted EBITDA	\$ 96,956	\$ 29,667	\$ 269,709	\$ 114,824
Adjusted net income	59,486	18,801	153,626	69,379
Adjusted basic earnings per share	0.44	0.17	1.21	0.62
Adjusted diluted earnings per share	0.39	0.16	1.10	0.58
Assets under management (AUM)			\$ 4,622,309	\$ 2,982,150

Net income for the fourth quarter of 2017 was \$25.7 million, an increase of 187% compared to net income of \$9.0 million in Q4 2016. Net income per basic and diluted share was \$0.19, an increase of 171% compared to \$0.07 per basic and diluted share in Q4 2016. Net income for the quarter included: (i) a fair value loss on derivative financial instruments of \$13.4 million in relation to the Company's two outstanding convertible debentures compared to a gain of \$1.0 million in Q4 2016, as Tricon's share price increased during the quarter; (ii) interest expense of \$7.2 million compared to \$3.1 million in Q4 2016, resulting from the convertible debentures issued in March 2017; and (iii) a foreign exchange loss of \$0.9 million, compared to a gain of \$1.6 million in Q4 2016. Net income per basic and diluted share in the fourth quarter also reflects a higher number of shares outstanding as a result of the equity financing completed in conjunction with the Silver Bay acquisition.

Net income for the year ended December 31, 2017 was \$69.3 million, an increase of 16% compared to \$59.8 million for the year ended December 31, 2016. This equated to net income of \$0.54 per basic and diluted share, an increase of 2% and 17%, respectively, from \$0.53 per basic share and \$0.46 per diluted share for the year ended December 31, 2016. The current year's results included: (i) a fair value loss on derivative financial instruments of \$23.3 million in relation to the Company's two outstanding convertible debentures compared to a gain of \$8.6 million in 2016, as Tricon's share price increased during the year; (ii) interest expense of \$23.7 million, which includes an incremental \$10.7 million associated with the new convertible debentures discussed above; and (iii) an unrealized foreign exchange loss of \$1.9 million compared to a gain of \$0.5 million in 2016. Net income per

basic and diluted share for the year also reflects a higher number of shares outstanding as discussed above.

Adjusted net income for the fourth quarter of 2017 was \$59.5 million, an increase of 216% compared to \$18.8 million in Q4 2016. Adjusted basic and diluted earnings per share were \$0.44 and \$0.39, an increase of 159% and 144%, respectively, compared to \$0.17 and \$0.16 in Q4 2016. The increase in Adjusted net income on an absolute and per-share basis is attributable to strong fair value gains and operational results at TAH, and higher investment income at TLR, partially offset by lower investment income at THP, as well as higher interest expense and income tax expense.

Adjusted net income for the year ended December 31, 2017 was \$153.6 million, an increase of 121% compared to \$69.4 million in 2016. Adjusted basic and diluted earnings per share were \$1.21 and \$1.10, an increase of 95% and 90%, respectively, compared to \$0.62 and \$0.58 in 2016. The increase in Adjusted net income for the full year was driven primarily by the same factors noted in the fourth quarter discussion above.

Investment income - Tricon Housing Partners

Investment income from THP was \$1.2 million for the quarter, a decrease of \$8.9 million compared to \$10.1 million in Q4 2016. The decrease was largely attributable to revised business plans at THP's active-adult development projects, reflecting: (i) increased competition from public and private builders and lower demand for premium-priced active-adult product (which is the market segment that THP is targeting), resulting in slower absorption and lengthened project timelines; and (ii) increased construction labour costs. Investment income was further reduced compared to last year as a result of ongoing distributions from legacy investments, which decreased their invested capital balance. This was partially offset by a favourable budget revision for Trinity Falls resulting in a higher fair value gain, which takes into account the acquisition of an additional 300 acres of adjacent land for future development, and an increase in projected municipal bond proceeds.

For the full year of 2017, investment income was \$18.2 million, a decrease of \$9.3 million compared to \$27.6 million in 2016, for the same reasons listed above. In 2017, THP funds distributed \$70.1 million to their investors, including \$34.9 million to Tricon.

Investment income - Tricon American Homes

Investment income from TAH was \$45.7 million for the quarter compared to \$3.4 million in Q4 2016. The increase was driven by: (i) fair value gains of \$51.3 million compared to \$9.1 million in the prior year period as a result of strong home price appreciation of 1.4% (5.6% annualized) and a larger portfolio of homes; and (ii) NOI of \$34.7 million (\$35.5 million excluding hurricane impact) compared to \$15.9 million last year, driven by the contribution of Silver Bay homes acquired during the year, as well as strong average rent growth of 4.4% and higher NOI margin as discussed below. These positive factors were partly offset by higher interest expense of \$19.6 million during the quarter compared to \$6.5 million in the prior year period as a result of a higher outstanding debt balance in relation to the Silver Bay acquisition financing, as well as transaction costs of \$17.9 million compared to \$10.6 million in the prior year period. For the full year of 2017, investment income from TAH was \$113.1 million compared to \$50.1 million in the prior year, driven by the reasons outlined above.

The NOI margin in the quarter for the combined portfolio was 63.0% (64.4% excluding hurricane impact) compared to 59.5% in the prior year quarter. Core FFO was \$12.8 million for Q4 2017 compared to \$4.9 million in Q4 2016, driven by a larger portfolio of homes and concurrent growth in net operating income, offset by higher interest expense as discussed above. On a same home basis, NOI increased by 7.7% from Q4 2016 (and 10.6% on a full-year basis) as a result of blended rent growth of 4.3% and proactive expense containment. Same home NOI margin also increased

to a record-high 64.1% in Q4 2017 from 60.4% in Q4 2016. These same home metrics exclude \$0.2 million of non-recurring storm-related incremental expenses.

TAH also completed several transactions during the quarter to refinance and optimize the portfolio of homes acquired through its merger transaction with Silver Bay. Specifically, TAH: (i) closed a \$365.0 million single-family rental securitization transaction; (ii) completed the sale of 1,523 non-core homes for total proceeds of approximately \$153 million; (iii) entered into a new \$347.6 million five-year term loan facility with Morgan Stanley Asset Funding Inc. as administrative agent; (iv) repaid all amounts outstanding under its floating rate securitized loan entered into in 2015; and (v) amended and restated its existing warehouse credit facility. As a result, TAH has improved its overall debt structure with a more staggered debt maturity profile and better diversification across fixed and floating rate instruments, with \$1.2 billion or 64% of outstanding debt currently locked in with long-term, fixed-rate financing.

Investment income - Tricon Lifestyle Communities

Investment income from TLC was \$1.2 million compared to \$1.7 million in Q4 2016, and included NOI of \$2.0 million offset by interest expense of \$0.9 million. NOI increased by 28% year-over-year as the portfolio expanded to 14 properties compared to 11 properties at the beginning of Q4 2016. The overall decrease in investment income was driven by a deferred tax recovery recorded in Q4 2016, along with higher home sales expenses and non-recurring professional fees related to preparation for Tricon's exit from the TLC manufactured housing business. Core FFO for TLC was \$0.8 million compared to \$0.6 million in the prior year fourth quarter.

For the full year of 2017, investment income was \$7.4 million compared to \$5.1 million in the prior year, driven by NOI of \$8.0 million and fair value gains of \$3.5 million, offset by interest expense of \$3.4 million. The increase is primarily attributable to an increase in NOI resulting from the nine properties acquired in 2016, along with rental rate increases across the portfolio.

In Q1 2017, Tricon announced its intention to exit the TLC vertical as part of its business simplification strategy. TLC has seen a significant level of buyer interest since the announcement and officially launched a marketed sales process in January 2018.

Investment income - Tricon Lifestyle Rentals (formerly Tricon Luxury Residences)

Investment income from TLR was \$6.0 million for the quarter compared to a loss of \$1.2 million in Q4 2016. The result was driven by fair value gains of \$8.7 million, partly offset by \$2.9 million of deferred tax expense. The strong fair value gains were attributable to significant growth in Toronto land values and the achievement of development milestones across TLR projects. For the full year of 2017, investment income was \$12.4 million compared to \$2.1 million in 2016, reflecting fair value gains of \$12.7 million.

In Q1 2017, Tricon announced its intention to exit the TLR U.S. vertical as part of its business simplification strategy, and intends to sell its interest in the two U.S. projects held as principal investments once they are completed and stabilized in the next 12 to 18 months. TLR will remain focused solely on growing its Canadian business.

Private Funds and Advisory

Revenue from Private Funds and Advisory (including contractual fees, general partner distributions and performance fees) for Q4 2017 was \$7.3 million, a \$0.5 million decrease from Q4 2016. The decrease was driven by a \$0.4 million year-over-year reduction in fee revenue from The Johnson Companies, as stronger lot sales were more than offset by a change in sales mix toward smaller lots intended for entry-level homes, which in turn generated lower fees.

Quarterly Dividend, Normal Course Issuer Bid and Subsequent Events

The Company announced a dividend of seven cents per share in Canadian dollars payable on or after April 15, 2018 to shareholders of record on March 31, 2018.

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 3% 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.triconcapital.com.

On October 4, 2017, the Company announced that the Toronto Stock Exchange approved its notice of intention to make a normal course issuer bid to repurchase up to 2,700,000 of its common shares during the twelve-month period commencing October 6, 2017. In the fourth quarter of 2017, the Company repurchased 982,900 of its common shares for C\$10.4 million. Subsequent to year-end, the Company repurchased 431,931 of its common shares for C\$4.6 million.

Conference Call and Webcast

Management will host a conference call at 10 a.m. ET on Thursday, March 1, 2018 to discuss the Company's results. Please call 647-427-2311 or 1-866-521-4909 (Conference ID # 1737918). The conference call will also be accessible via webcast, and a supplementary conference call presentation will be provided at www.triconcapital.com (Investor Information - Events). A replay of the conference call will be available from 1 p.m. ET on March 1, 2018 until midnight ET on March 8, 2018. To access the replay, call 1-800-585-8367 or 416-621-4642, followed by passcode 1737918.

The Company's Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2017 are available on Tricon's website at www.triconcapital.com and have been filed on SEDAR (www.sedar.com). The financial information therein is presented in U.S. dollars.

About Tricon Capital Group Inc.

Tricon is a principal investor and asset manager focused on the residential real estate industry in North America with approximately \$4.6 billion (C\$5.8 billion) of assets under management. Tricon owns, or manages on behalf of third-party investors, a portfolio of investments in land and homebuilding assets, single-family rental homes, manufactured housing communities and purpose-built rental apartments. Our business objective is to invest for investment income and capital appreciation through our Principal Investment business and to earn fee income through our Private Funds and Advisory business. Since its inception in 1988, Tricon has invested in real estate and development projects valued at approximately \$19 billion. More information about Tricon is available at www.triconcapital.com.

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This news release may contain forward-looking statements relating to expected future events and 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, investee business plans, and the Company's 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 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. 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, adjusted EBITDA, adjusted net income and adjusted earnings per share ("EPS"), as well as certain key indicators of the performance of our investees. We utilize these measures in managing our business, including performance measurement and capital allocation, and believe 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 6 and 7 of the Company's MD&A for the year ended December 31, 2017.