

Not for distribution to U.S. Newswire services or for distribution in the United States.



Tricon Capital Group Announces Q2 2016 Results AUM Surpasses \$3 Billion with Strong Operational Performance Across All Business Verticals

Toronto, Ontario – August 10, 2016 – Tricon Capital Group Inc. (“Tricon” or the “Company”, TSX: TCN), a principal investor and asset manager focused on the residential real estate industry, today announced its consolidated financial results for the three and six months ended June 30, 2016. All of the financial information presented in this news release is expressed in U.S. dollars unless otherwise indicated.

Key second-quarter highlights include:

- Assets Under Management (“AUM”) increased by 27% year-over-year to \$3.0 billion (C\$3.8 billion);
- Adjusted EBITDA increased by 4% year-over-year to \$24.3 million, driven by meaningful growth in realized investment income across all verticals and offset by lower fair value gains at Tricon American Homes (“TAH”);
- Tricon Housing Partners (“THP”) completed a \$25 million syndication of its investments in two projects to a new third-party investor;
- Tricon American Homes realized a 23% year-over-year increase in Net Operating Income (“NOI”) and consistent operating margin of 60%;
- Tricon Lifestyle Communities (“TLC”) achieved a 282% year-over-year increase in NOI while undergoing a capital expenditure program at its newly-acquired parks;
- Tricon Luxury Residences (“TLR”) completed a major new investment in Toronto and started construction at its second U.S. project, The Maxwell, in Dallas;
- Following quarter-end, THP completed an initial investment of \$74 million in Trinity Falls, an established master planned community in Dallas, increasing Tricon’s AUM to \$3.1 billion.

“In Q2 2016, we achieved strong growth as our AUM surpassed \$3 billion and at the same time generated predictable cash flow through consistent operational results,” said Gary Berman, Tricon’s President and Chief Executive Officer. “TAH delivered solid results driven by disciplined portfolio growth and stable margins; THP continued to source attractive acquisitions and attracted a new third-party investor; and TLR closed on a flagship location in Toronto for future development. These achievements underscore Tricon’s focus on building scale as well as fostering operational excellence within each of its investment verticals to create long-term value.”

Financial Highlights

For the Periods Ended June 30

(In thousands of dollars, except for per share amounts)

	Three Months			Six Months		
	2016	2015	Variance	2016	2015	Variance
Selected Financial Statement Information						
Net Income (Loss)	US\$ 14,325	US\$ 7,234	US\$ 7,091	US\$ 27,559	US\$ (3,682)	US\$ 31,241
Basic Earnings (Loss) per Share	0.13	0.08	0.05	0.25	(0.04)	0.29
Diluted Earnings (Loss) per Share	0.11	0.04	0.07	0.22	(0.04)	0.26
Selected MD&A Financial Information in U.S. Dollars						
Adjusted EBITDA	US\$ 24,294	US\$ 23,357	US\$ 937	US\$ 51,094	US\$ 59,298	US\$ (8,204)
Adjusted Net Income	13,771	15,082	(1,311)	29,584	38,130	(8,546)
Adjusted Basic Earnings per Share	0.12	0.17	(0.05)	0.26	0.42	(0.16)
Adjusted Diluted Earnings per Share	0.11	0.14	(0.03)	0.24	0.35	(0.11)
Assets Under Management				US\$2,966,856	US\$2,342,593	US\$624,263
Weighted Average Basic Shares Outstanding	112,491,380	90,789,370	21,702,010	112,436,772	90,708,723	21,728,049
Weighted Average Diluted Shares Outstanding	123,124,591	109,644,821	13,479,770	123,045,132	109,470,297	13,574,835
Selected MD&A Financial Information in Canadian Dollars						
Adjusted EBITDA	C\$ 31,296	C\$ 28,715	C\$ 2,580	C\$ 67,940	C\$ 73,245	C\$ (5,305)
Adjusted Net Income	17,740	18,542	(802)	39,338	47,098	(7,760)
Adjusted Basic Earnings per Share	0.15	0.21	(0.06)	0.35	0.52	(0.17)
Adjusted Diluted Earnings per Share	0.14	0.17	(0.03)	0.32	0.43	(0.11)
Assets Under Management				3,832,288	2,925,899	906,389
Dividends per Share	C\$ 0.065	C\$ 0.060	C\$ 0.005	C\$ 0.130	C\$ 0.120	C\$ 0.010

For the three months ended June 30, 2016, Net Income as recorded in the financial statements was \$14.3 million, an 89% increase compared to \$7.2 million recorded in Q2 2015. The current quarter's results include a fair value gain on derivative financial instruments of \$2.4 million related to the Company's outstanding convertible debentures (Q2 2015: \$5.9 million), as well as a foreign exchange loss of \$0.5 million (Q2 2015: \$1.2 million). Basic Earnings per Share and Diluted Earnings per Share for Q2 2016 increased by 63% and 175% to \$0.13 and \$0.11, respectively, compared to \$0.08 and \$0.04 in Q2 2015.

Adjusted EBITDA increased by \$0.9 million or 4% to \$24.3 million for Q2 2016, compared to \$23.4 million for Q2 2015, due to higher THP Investment Income and realized Investment Income at TAH, as well as contributions from the two newer verticals, TLC and TLR. This was offset by lower fair value gains at TAH. Adjusted Net Income, which excludes non-recurring items, decreased by \$1.3 million or 9% to \$13.8 million for Q2 2016, compared to \$15.1 million for Q2 2015, due to higher interest and tax expenses in Q2 2016.

Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share for Q2 2016 decreased by 29% and 21% to \$0.12 and \$0.11, respectively, compared to \$0.17 and \$0.14 in Q2 2015. The decrease was a result of lower Adjusted Net Income as well as a higher number of common shares outstanding. In Q3 2015, the Company completed a bought deal public offering of approximately 13.2 million common shares for gross proceeds of C\$150 million and deployed the net proceeds into new investment opportunities that are expected to be accretive to earnings per share over time.

Updated MD&A Presentation

The Company announced that it will be revising its disclosure and approach with respect to its use of non-GAAP financial measures and will revamp its Management's Discussion and Analysis ("MD&A") beginning in the third quarter of 2016, in connection with an Ontario Securities Commission continuous disclosure review. These revisions to the Company's MD&A are intended to give greater prominence to IFRS financial measures, consistent with CSA Staff Notice 52-306 (Revised) – *Non-GAAP Financial Measures*, and to simplify the overall presentation of financial

results. The Company will be working closely with key stakeholders, including shareholders, the analyst community and the Ontario Securities Commission, to develop a new MD&A presentation framework that continues to provide our investors with useful and clear insight into the Company's performance while complying with applicable regulations.

Operational Highlights

Tricon Housing Partners (“THP”)

THP Investment Income for Q2 2016 was \$4.9 million, a \$4.2 million increase compared to \$0.6 million recorded in Q2 2015; Q2 2015 Investment Income was negatively impacted by a change in the expected timing of cash flows from Tricon's co-investment in THP1 US. For the first six months of 2016, Tricon's Investment Income from THP1 US remained essentially consistent with the same period of last year.

On June 7, 2016, THP completed an investment in a boutique condominium development project located at 490 El Camino in the town of Belmont, California. Concurrently, Tricon also completed the syndication of this investment and Queen Creek in Phoenix to a third-party investor on an 80/20 basis (with Tricon retaining 20% of the investment). Similar to its existing managed investment vehicles, Tricon expects to earn asset management fees and potentially performance fees as well as Investment Income from its co-investment in the vehicle.

Subsequent to the quarter end, THP completed an investment in a fully-entitled 1,700-acre existing master planned community located in McKinney, Texas, referred to as Trinity Falls. The project is initially being capitalized with a \$73.9 million contribution from Tricon and in-place development financing. The business plan entails the continued development of approximately 3,200 residential lots for sale to homebuilders over the next ten years, with the Company benefiting from in-place contractual lot sales revenues, development management fees through Johnson and asset management fees from the project.

Tricon American Homes (“TAH”)

TAH generated \$19.2 million of Investment Income for the second quarter of 2016, consisting of \$10.5 million of realized Investment Income and \$8.7 million of unrealized Investment Income. TAH realized Investment Income for Q2 2016 increased by \$1.6 million or 17% compared to \$8.9 million for Q2 2015, driven by higher NOI from a larger single-family rental home portfolio. Unrealized Investment Income for Q2 2016 decreased by \$6.1 million or 41% to \$8.4 million compared to \$14.8 million for Q2 2015 as a result of lower home price appreciation than the prior year (a 1.4% quarterly rate for Q2 2016 versus 4.1% for Q2 2015).

TAH expanded its rental home portfolio by 23% to 8,108 homes as at June 30, 2016, compared to 6,513 homes a year ago. Both in-place occupancy and stabilized leased occupancy increased by 1% since Q1 2016, to 89% and 96%, respectively. The Operating Margin of 60% for the first six months of 2016 was consistent with the Operating Margin for the full year of 2015. TAH achieved average rent growth of 5.0% during Q2 2016 and 4.1% during Q1 2016, reflecting strong demand for its homes.

When TAH was launched in 2012, it entered into a series of five-year limited partnerships with local operating partners in each of its target markets. Upon internalization of TAH's property management operations in early 2015, the real estate limited partnerships were left in place and the operating partners obtained a minority interest in the internalized TAH property management entity

("TAH OpCo"). In aggregate, the local operating partners own an approximately 10% interest in TAH's consolidated real estate holdings and a 45% interest in TAH OpCo. In advance of the expiration of these limited partnerships in the first half of 2017, TAH has commenced negotiations to acquire the minority equity interests currently held by these partners in the real estate partnerships and in TAH OpCo.

In contemplation of these acquisition transactions, TAH may slow its pace of new home acquisitions in the short term, in favour of investing additional capital in its existing stabilized portfolio through its acquisitions of the minority interests. This would also give TAH an opportunity to focus on integration of assets acquired in the past year to improve operating efficiencies and drive in-place occupancy. Details of any acquisitions will be announced following their completion, though there can be no assurance that any such acquisitions will be completed.

Tricon Lifestyle Communities ("TLC")

TLC Investment Income of \$1.8 million for the second quarter of 2016 increased by \$1.5 million compared to \$0.2 million for Q2 2015. The increase was driven primarily by growth in the portfolio to 2,467 rental pads, compared to 506 pads a year ago, as well as a fair value gain of \$0.8 million recognized in one of the TLC projects as value-enhancing capital improvement initiatives were completed.

TLC's in-place occupancy decreased by 6% to 70% as at June 30, 2016, compared to 76% as at March 31, 2016, as a direct result of the seasonal nature of tenancies at recently-acquired parks. The year-to-date Operating Margin for 2016 was 58.5%, which is lower than the 59.8% for the full year of 2015 as a result of newly-acquired properties which have not yet undergone enhancement and repositioning initiatives and that have a higher proportion of seasonal tenants; this was offset by higher margins at the previously-owned parks. In Q2 2016, TLC implemented rent increases of 3% at Glenhaven and Parkhaven.

On August 4, TLC completed the acquisition of an age-restricted manufactured housing community in Mesa, Arizona, referred to as Dollbeer. The community consists of 17 acres of land and 177 residential spaces, of which 86.4% were occupied as of July 30, 2016. The acquisition price of \$8.8 million was financed with \$2.8 million of equity and the assumption of \$6.0 million of debt with an average interest rate of 5.1% and maturity of June 2024.

Tricon Luxury Residences ("TLR")

TLR Investment Income was \$0.6 million for the second quarter of 2016, primarily as a result of fair value gains recognized on TLR U.S. projects as development milestones were achieved and the projects were advanced. During the second quarter of 2016, construction started on the second TLR U.S. investment known as The Maxwell, in Frisco, Texas, while construction continued on The McKenzie in Dallas and The Selby in Toronto.

During the quarter, TLR Canada partnered with Diamond Corporation ("Diamond") and RioCan REIT ("RioCan") to complete two acquisition transactions in Toronto's Rosedale/Summerhill neighbourhood, one of the most affluent residential areas in Toronto. In the first transaction, TLR Canada and Diamond formed a 50/50 joint venture and acquired approximately one acre of land at the northeast corner of Yonge and Price streets ("Scrivener Square") for a total purchase price of \$33.2 million (C\$43.0 million). TLR Canada and Diamond intend to undergo a rezoning process to

build a mixed-use development project that will include residential units and additional retail space. In the second transaction, TLR Canada partnered with RioCan and purchased the adjacent landmark heritage retail asset known as The Shops of Summerhill for a total purchase price of \$32.4 million (C\$42.0 million).

Private Funds and Advisory

For the second quarter of 2016, Contractual Fees increased by \$0.4 million or 7% to \$5.6 million, compared to \$5.2 million for Q2 2015. Contractual Fees reflected an increase in fee revenue from Johnson, where lot sales accelerated following weather-related delays in the spring. In Q2 2016, Johnson recorded 493 lot sales, a 71% increase from 288 lot sales in Q1 2016. Tricon also recognized higher fee revenue from projects under development by TLR (The Selby, 57 Spadina and Scrivener Square) and new investments in THP (Viridian and THP US SP1), offset by decreases in fee revenue from legacy private investment vehicles.

Quarterly Dividend

The Company announced a dividend of six and one half cents per share in Canadian dollars payable on October 15, 2016, to shareholders of record on September 30, 2016.

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. On June 8, 2016, the TSX approved the previously-announced amendment to the DRIP which provides that the discount from the market price applicable to share issuances under the DRIP may range from 0% to 5%, as determined by the Company in advance of any dividend to which the discount applies. 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.

Conference Call and Webcast

Management will host a conference call at 10 a.m. ET on August 11, 2016 to discuss the Company's results. Please call 1-647-788-4901 or 1-877-201-0168 (conference ID: 46200398). 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 August 11, 2016 until midnight ET on August 18, 2016. To access the replay, call 1-855-859-2056 or 404-537-3406 and use pass code 46200398.

The Company's Financial Statements and Management's Discussion and Analysis for the three and six months ended June 30, 2016 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 \$3.1 billion (C\$4.0 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 multi-family development projects. 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 \$18 billion. More information about Tricon is available at www.triconcapital.com.

For further information, please contact:

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

Wojtek Nowak
Director, Corporate Finance and Investor Relations
Tel: 416-925-2409
Email: wnowak@triconcapital.com

* * * *

This news release may contain forward-looking statements relating to expected future events and financial and operating results and projections of the Company. Such statements may include statements regarding the Company's growth and investment opportunities, investment performance and ongoing cash distributions from investments, project timelines, and the pace of TAH's acquisition of single-family rental homes. 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.

In this and other earnings releases and investor conference calls, as a complement to results provided in accordance with IFRS, the Company also discloses and discusses certain non-IFRS financial measures, including but not limited to AUM, Adjusted Revenue, Adjusted EBITDA, Adjusted Net Income, Adjusted Earnings per Share and Net Operating Income. These non-IFRS measures are further defined and discussed in Tricon's Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2016, which should be read in conjunction with this news release. Since these non-IFRS measures do not have standardized meanings prescribed by IFRS, they may not be comparable to similar measures reported by other issuers. Management believes these non-IFRS measures are meaningful financial measures of the Company's performance. A reconciliation of such measures to comparable measures under IFRS is included in the Company's MD&A. These non-IFRS measures should not be construed as alternatives to net income or other financial information determined in accordance with IFRS as measures of Tricon's performance.