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Tricon Delivers Strong Q2 2019 Results Driven by Record Operating Metrics at Core Rental Business

Toronto, Ontario - August 7, 2019 - Tricon Capital Group Inc. (TSX: TCN) ("Tricon" or the "Company"), a residential real estate company primarily focused on rental housing in North America, announced today its consolidated financial results for the three and six months ended June 30, 2019. All financial information is presented in U.S. dollars unless otherwise indicated.

Key operational and financial highlights for Q2 2019 include:

- Net income of \$12.4 million and basic and diluted earnings per share of \$0.08 and \$0.04, respectively;
- Adjusted EBITDA of \$66.0 million and Adjusted basic and diluted earnings per share of \$0.20 and \$0.19, respectively;
- Tricon American Homes ("TAH") NOI grew by 29% year-over-year to \$47.1 million and Core FFO increased by 73% year-over-year to \$19.6 million, driven by the growing leased portfolio and improved operating performance including 97.3% stabilized occupancy, 6.2% blended rent growth and 65.1% NOI margin;
- TAH achieved record same home metrics of 65.6% NOI margin, 11.6% NOI growth, 6.4% blended rent growth, and 97.3% leased occupancy;
- TAH purchased 977 homes during the quarter in its TAH JV-1 portfolio, representing record organic acquisition activities for the joint venture;
- On June 11, 2019, the Company completed the acquisition of Starlight U.S. Multi-Family (No. 5) Core Fund (the "Multi-Family Core Portfolio") for total consideration of \$1.33 billion including assumed debt; Tricon Lifestyle Rentals ("TLR") U.S.' active portfolio includes 23 properties totalling 7,289 suites in 13 major markets following the acquisition;
- For the full quarter, the Multi-Family Core Portfolio realized total and same property NOI growth of 5.6% year-over-year to \$16.6 million, a 170 bps increase in occupancy to 94.3%, renewal rent growth of 3.8% and NOI margin of 58.0%;
- TLR U.S. completed the sale of its 90% interest in The McKenzie project partnership for an IRR and ROI of 18% and 1.6x, respectively;
- Private Funds and Advisory revenue increased by 25% year-over-year to \$9.4 million, reflecting growth in third-party capital, higher performance fees and additional development fees earned from Johnson; and
- Subsequent to quarter-end, the Company increased its corporate revolving credit facility to \$500 million from \$365 million and secured interest rate savings of up to 50 bps.

"The second quarter was a period of significant strategic and operational progress for Tricon. With the acquisition of the Starlight portfolio, we now have an even more dynamic residential platform in place to drive significant growth in recurring rental and fee income," said Gary Berman, Tricon's President and CEO. "During the quarter, our single-family and multi-family rental businesses reported outstanding same property year-over-year NOI growth of 11.6% and 5.6%, respectively; this performance underscores the quality of our operations and the solid rental housing fundamentals in our target Sun Belt geographies and middle market resident demographic. Meanwhile, our fee income grew by 25% year-over-year driven in part by performance fees which have become a more regular source of income from our THP investment vehicles. As we look forward, we continue to see meaningful growth opportunities in all our residential businesses and expect to raise substantial amounts of third-party capital to facilitate this growth and drive further efficiencies in our operation."

Financial Highlights

For the periods ended June 30 (in thousands of U.S. dollars, except per share amounts)	Three months		Six months	
	2019	2018	2019	2018
Investment income - Tricon American Homes ("TAH")	\$ 40,231	\$ 40,681	\$ 83,784	\$ 127,123
Investment income - Tricon Lifestyle Rentals ("TLR")	2,501	2,547	7,888	3,564
Investment income - Tricon Housing Partners ("THP")	3,346	3,312	5,573	6,197
Investment income from discontinued operations and gain from disposal of investments held for sale - Tricon Lifestyle Communities ("TLC")	—	19,602	—	21,170
Private Funds and Advisory revenue	9,367	7,474	16,856	13,041
Net income	12,356	39,763	36,419	139,232
Basic earnings per share	0.08	0.29	0.24	1.04
Diluted earnings per share	0.04	0.29	0.24	0.79
Dividends per share	C\$ 0.07	C\$ 0.07	C\$ 0.14	C\$ 0.14
Non-IFRS measures				
Adjusted net income	30,917	60,134	66,726	136,510
Adjusted EBITDA	65,961	92,927	135,831	208,236
<i>Fair value gain included in investment income - TAH</i>	(23,511)	(37,265)	(53,329)	(113,361)
<i>Adjusted EBITDA from discontinued operations - TLC</i>	—	(23,212)	—	(31,394)
Adjusted EBITDA excluding TAH fair value gain and TLC Adjusted EBITDA	42,450	32,450	82,502	63,481
Adjusted basic earnings per share	0.20	0.45	0.44	1.02
Adjusted diluted earnings per share	0.19	0.39	0.42	0.88
Assets under management (AUM)			\$ 7,297,456	\$ 5,637,580

Net income for the second quarter of 2019 was \$12.4 million compared to \$39.8 million in Q2 2018, and included:

- Transaction costs of \$24.9 million compared to \$0.1 million in Q2 2018, related primarily to the acquisition of Starlight U.S. Multi-Family (No. 5) Core Fund;
- Investment income from Tricon Lifestyle Communities ("TLC") of nil compared to \$19.6 million in Q2 2018, as its portfolio of 14 manufactured housing communities was disposed of in June 2018;

- Investment income from TAH of \$40.2 million compared to \$40.7 million in Q2 2018 as the combination of BPO and HPI valuation methodologies resulted in lower fair value growth of \$23.5 million in Q2 2019 compared to \$37.3 million in Q2 2018. The HPI increase in Q2 2019 was 0.8% (3.2% annualized) compared to a 1.7% HPI increase in Q2 2018 (6.8% annualized). Meanwhile, TAH NOI grew to \$47.1 million in Q2 2019 compared to \$36.5 million in Q2 2018; and
- Private Funds and Advisory revenue of \$9.4 million earned from all three of Tricon's investment verticals, including management fees of \$1.0 million from TAH JV-1, which was established on June 27, 2018.

Adjusted EBITDA for the second quarter of 2019 was \$66.0 million compared to \$92.9 million in Q2 2018, driven by:

- TLC Adjusted EBITDA of nil compared to \$23.2 million in Q2 2018, as discussed above;
- TAH fair value gain of \$23.5 million in Q2 2019 compared to \$37.3 million in Q2 2018;
- Interest expense of \$30.9 million compared to \$27.3 million in Q2 2018, primarily attributable to financing additional homes in the growing TAH JV-1 rental portfolio; and
- TAH NOI of \$47.1 million compared to \$36.5 million in Q2 2018.

Tricon American Homes

NOI increased by \$10.6 million or 29% to \$47.1 million compared to \$36.5 million in Q2 2018 as a result of a larger leased portfolio, robust rent growth and operational cost efficiencies, in particular in the repairs and maintenance function. The NOI margin for the total portfolio in the quarter was 65.1% compared to 62.0% in Q2 2018. The NOI margin increase was a result of the following factors:

- Higher revenue from a growing number of leased properties and strong average blended rent growth of 6.2% (9.6% on new leases and 4.7% on renewals);
- Reduced turn costs attributable to a lower turnover rate of 28.0%; and
- Cost efficiency achieved for repairs and maintenance (R&M) and turns through increased internalization of the R&M function.

Core FFO was \$19.6 million in Q2 2019 compared to \$11.3 million in Q2 2018. This 73% increase was attributable to the growth in NOI (as noted above), partly offset by higher interest expense on a larger outstanding debt balance as well as an increase in the portfolio weighted average interest rate.

On a same home basis, Q2 2019 NOI increased by 11.6% year-over-year and the NOI margin increased to 65.6% from 62.2% in Q2 2018 for reasons similar to those listed above. The same home portfolio generated robust operating metrics in Q2 2019, including 6.4% rent growth (9.8% on new leases and 4.8% on renewals) and a 29.3% annualized turnover rate accompanied by a 0.3% improvement in occupancy to 97.3% from 97.0% in Q2 2018.

TAH acquired 977 homes in Q2 2019 for TAH JV-1, bringing the total number of homes under management to 19,080 (including 3,545 for TAH JV-1).

The TAH operating metrics discussed above (including NOI and Core FFO) reflect the performance of the entire portfolio under management, including the TAH JV-1 portfolio, which is managed by a TAH subsidiary.

Tricon Lifestyle Rentals

Tricon Lifestyle Rentals U.S.

NOI from the Multi-Family Core Portfolio increased by \$0.9 million or 5.6% to \$16.6 million for the full quarter compared to \$15.7 million in Q2 2018 as a result of revenue growth driven by increased occupancy, healthy renewal rent growth and improved cost containment. The NOI margin for the total portfolio in the quarter was 58.0% compared to 57.0% in Q2 2018. The NOI margin increase was a result of the following factors:

- Higher in-place rents achieved across the portfolio (average monthly rent of \$1,240 in Q2 2019 versus \$1,224 in Q2 2018) supported by strong rent growth of 3.8% on renewed leases;
- Increased occupancy rate from 92.6% to 94.3% in line with favourable market demand; and
- Efficient management of costs through lower turnover, savings in the successful renegotiation of service contracts at favourable rates and control over on-site staff overtime billing.

Management plans to establish a strong operating platform in U.S. multi-family rental by internalizing many aspects of the business including asset and property management, and to raise third-party capital around the platform to drive scale, generate recurring fee income and enhance shareholders' return on equity.

Many of the historical metrics and financial information referenced in the discussion above are measures that were reported by Starlight U.S. Multi-Family (No. 5) Core Fund historically (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 Management's Discussion and Analysis for explanations of any relevant differences. The measures discussed represent full-quarter results although Tricon did not own the portfolio prior to June 11, 2019. Management believes the information is useful in understanding the performance of the Multi-Family Core Portfolio.

Tricon Lifestyle Rentals Canada

TLR Canada continues to execute on its strategy of establishing itself as the leading developer, owner and operator of Class A rental apartments in Toronto. During the quarter, development of TLR Canada's portfolio of approximately 3,000 rental units progressed according to business plans. Leasing is well underway at its first project, The Selby, which has now achieved 50% lease-up and 40% occupancy, and reported 145 new leases signed during the quarter.

In June 2019, the Ontario government announced broad legislative and policy changes through the More Homes, More Choice Act which, among other things, seeks to encourage more rental development through the deferral of development charge payments for dedicated rental projects. This change, together with others included in the More Homes, More Choice Act, is expected to positively impact TLR Canada's active development projects and better positions the platform for future acquisitions.

Assets held for sale within TLR

On April 15, 2019, TLR completed the sale of its 90% interest in The McKenzie, a 183-unit purpose-built rental building in Dallas, Texas. TLR is on track to liquidate its last active U.S. development project, The Maxwell, in an orderly manner as part of the disposition plan of its existing TLR U.S. development holdings.

Private Funds and Advisory

Revenue from Private Funds and Advisory (including contractual fees, general partner distributions and performance fees) was \$9.4 million in Q2 2019 compared to \$7.5 million in Q2 2018. Revenue included \$7.7 million of contractual and development fees from THP, \$1.0 million of asset management fees earned from TAH JV-1 and \$0.7 million of development management fees from TLR projects. The increase was largely attributable to additional management fees of \$0.9 million earned from TAH JV-1 which commenced in Q2 2018, an increase in performance fees of \$0.9 million from THP commingled funds and separate accounts, as well as higher development fees from Johnson.

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 October 15, 2019 to shareholders of record on September 30, 2019.

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 Investor Information section of Tricon's website at www.triconcapital.com.

On July 10, 2019, the Company announced that the Toronto Stock Exchange had approved its notice of intention to make a normal course issuer bid to repurchase up to two million of its common shares during the twelve-month period commencing July 15, 2019 (the "NCIB"). To date, the Company has repurchased 389,802 of its common shares for C\$3.9 million under the NCIB.

On July 31, 2019, the Company and its syndicate of lenders completed an amendment and restatement of Tricon's corporate revolving credit facility (the "Credit Facility Amendment"), increasing the total available credit facility by \$135 million to \$500 million. The Credit Facility Amendment includes extending the maturity of the facility to July 31, 2022, reducing interest rates by up to 50 basis points and reducing standby fees by up to 21.25 basis points. The remaining key terms of the facility remain substantially unchanged.

Conference Call and Webcast

Management will host a conference call at 10 a.m. ET on Thursday, August 8, 2019, to discuss the Company's results. Please call 647-427-2311 or 1-866-521-4909 (Conference ID #5385735). 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 8, 2019 until midnight ET on September 8, 2019. To access the replay, call 1-800-585-8367 or 416-621-4642, followed by passcode 5385735.

The Company's Financial Statements and Management's Discussion and Analysis for the three and six months ended June 30, 2019 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 residential real estate company primarily focused on rental housing in North America, with approximately \$7.3 billion (C\$9.6 billion) of assets under management. Tricon invests in a portfolio of single-family rental homes, multi-family rental apartments and for-sale housing assets, and manages third-party capital in connection with its investments. Since its inception in 1988, Tricon has invested in real estate and development projects valued at approximately \$22 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 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, adjusted EBITDA, adjusted net income and adjusted earnings per share ("EPS"), as well as certain key indicators of the performance of its investees. 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 6 and 7 of the Company's MD&A for the three and six months ended June 30, 2019, which is available on SEDAR at www.sedar.com.