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Tricon Capital Group Announces Strong Q4 and Year-End Results Driven by Growth in AUM and Investment Income

Toronto, Ontario – February 22, 2017 – 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 twelve months ended December 31, 2016. All of the financial information presented in this news release is expressed in U.S. dollars unless otherwise indicated.

Key financial highlights and investment activities for 2016 include:

- Assets Under Management increased by 12% year-over-year to \$3.0 billion (C\$4.0 billion);
- Tricon Housing Partners (“THP”) completed a \$74.0 million investment in the Trinity Falls master planned community and syndicated two investments to a third-party investor;
- THP1 US distributed \$115.9 million to Tricon;
- Tricon American Homes (“TAH”) ended the year with portfolio occupancy above 95%, achieved its targeted operating margin of 60%, completed its second securitization transaction and has now acquired all of the minority interests of its legacy operating partnerships;
- Tricon Lifestyle Communities (“TLC”) acquired nine manufactured housing communities, expanding the portfolio to 3,065 rental pads;
- Tricon Luxury Residences (“TLR”) acquired Scrivener Square, a premier development site in one of Toronto’s most affluent neighborhoods, and advanced the development process for its four existing investments;
- Fourth quarter adjusted basic earnings per share increased by 31% year-over-year to \$0.17 while adjusted diluted earnings per share increased by 25% to \$0.15.

“We are starting 2017 on very solid footing as we continue to execute on our business plan in our various housing verticals,” said Gary Berman, Tricon’s President and Chief Executive Officer. “The U.S. housing market remains vibrant, with the potential for increased economic growth and housing demand driven by new fiscal stimulus. Tricon is well positioned to benefit from this supportive macro environment with its two-pronged strategy: first, THP, our for-sale housing business, is experiencing accelerating lot sales by shifting its product mix towards smaller, affordable lots to capture the maturing Millennial demographic; and second, TAH, our primary for-rent housing business, is achieving strong rental growth and occupancy in excess of 95% by catering to the broad middle-market with high quality, affordable single-family rental housing. I am optimistic about our prospects for 2017, and confident that our diversified housing-focused investment strategy will continue to create value for our shareholders.”

Financial Highlights

For the periods ended December 31 (in thousands of U.S. dollars, except per share amounts)	Three months		Twelve months	
	2016	2015	2016	2015
Investment income - THP	\$ 10,098	\$ 6,055	\$ 27,550	\$ 18,753
Investment income - TAH	3,439	12,746	50,081	57,746
Investment income - TLC	1,731	709	5,108	97
Investment income - TLR	(1,246)	(188)	2,066	(185)
Private funds & advisory revenue	7,823	6,724	26,595	25,651
Net income	8,964	28,813	59,760	58,463
Basic earnings per share	0.07	0.27	0.53	0.60
Diluted earnings per share	0.07	0.16	0.46	0.59
Dividends per share	C\$ 0.065	C\$ 0.060	C\$ 0.26	C\$ 0.24

For the periods ended December 31 (in thousands of U.S. dollars, except per share amounts)	Three months		Twelve months	
	2016	2015	2016	2015
Non-IFRS measures				
Adjusted EBITDA	\$ 29,667	\$ 24,952	\$ 114,824	\$ 108,762
Adjusted net income	18,801	14,124	69,379	64,251
Adjusted basic earnings per share	0.17	0.13	0.62	0.67
Adjusted diluted earnings per share	0.15	0.12	0.56	0.56
Assets under management ("AUM")			\$ 2,982,150	\$ 2,667,864

Net income for the fourth quarter of 2016 was \$9.0 million, or \$0.07 per basic and diluted share, compared to \$28.8 million, or \$0.27 per basic share and \$0.16 per diluted share, in the fourth quarter of the prior year. Net income for the quarter included: (i) a fair value gain on derivative financial instruments of \$1.0 million in relation to the Company's outstanding convertible debenture compared to a gain of \$15.0 million in Q4 2015; (ii) an unrealized foreign exchange gain of \$1.6 million compared to a gain of \$3.4 million in Q4 2015; and (iii) transaction costs of \$10.1 million related to TAH's second securitization compared to nil in 2015.

Adjusted net income for the fourth quarter of 2016, defined as net income attributed to Tricon shareholders excluding non-recurring and non-cash expenses, was \$18.8 million, compared to \$14.1 million in the fourth quarter of the prior year. Adjusted basic earnings per share were \$0.17 in Q4 2016 compared to \$0.13 in Q4 2015, while adjusted diluted earnings per share were \$0.15 in Q4 2016 compared to \$0.12 in Q4 2015. The increase in adjusted net income on an absolute and per-share basis is attributable to higher investment income from THP and TLC, as well as stronger contractual fees from The Johnson Companies and a lower tax expense, partly offset by a higher interest expense.

Net income for the year ended December 31, 2016 was \$59.8 million, or \$0.53 per basic share and \$0.46 per diluted share, compared to \$58.5 million, or \$0.60 per basic share and \$0.59 per diluted share, for the year ended December 31, 2015. The current year's results included: (i) a fair value gain on derivative financial instruments of \$8.6 million, compared to a loss of \$1.3 million in 2015; and (ii) an unrealized foreign exchange gain of \$0.5 million compared to a gain of \$20.4 million in 2015. The decrease in per-share metrics is attributable to higher net income, offset by a

greater number of common shares outstanding as a result of a bought deal share offering completed in Q3 2015.

Adjusted net income for the year ended December 31, 2016 was \$69.4 million, compared to \$64.3 million in 2015. Adjusted basic earnings per share were \$0.62 in 2016, compared to \$0.67 in 2015. Adjusted diluted earnings per share were \$0.56, in line with 2015's results. The increase in adjusted net income is attributable to higher investment income from THP, TLC and TLR and a lower income tax expense, partly offset by a higher interest expense and a lower fair value adjustment at TAH.

Investment income – Tricon Housing Partners

For Q4 2016, investment income at THP was \$10.1 million, an increase of \$4.0 million or 67% compared to \$6.1 million in Q4 2015. The increase was primarily the result of income contributed from Trinity Falls, a cash-flowing master planned community investment in the Dallas-Fort Worth MSA, as well as fair value gains from certain separate accounts where lot sales accelerated relative to the prior year. These increases were partially offset by lower investment income from THP1 US, as distributions received in 2015 and 2016 reduced the outstanding investment balance.

For the full year of 2016, investment income was \$27.6 million, an increase of \$8.8 million or 47%, compared to \$18.8 million in 2015, for the same reasons listed above. In 2016, THP1 US distributed \$171 million to its investors, including \$115.9 million to Tricon.

Investment income – Tricon American Homes

For Q4 2016, investment income at TAH was \$3.4 million compared to \$12.7 million in Q4 2015. TAH recorded net operating income of \$15.9 million, a 32% increase year-over-year, as a result of a greater number of homes owned and strong rental growth in its single-family rental portfolio (Q4 rent growth of 5.1% on new move-ins; 4.4% on renewals; and 4.7% blended). Operating margin of 60% remained consistent with 2015. Interest expense was higher in Q4 2016 relative to the prior year as a result of the additional financing associated with growing the portfolio, while other expenses were meaningfully higher because of transaction costs incurred on TAH's second securitization transaction.

For the full year of 2016, investment income was \$50.1 million compared to \$57.7 million in 2015. The variance is explained by stronger net operating income offset by higher interest expense, as noted above, as well as a one-time tax recovery that benefited the prior year's result. TAH also experienced strong home price appreciation of 5.0% during the year, albeit at a more moderate pace than in 2015 (8.3%), resulting in a fair value gain that was \$9.7 million lower than in the prior year.

Investment Income – Tricon Lifestyle Communities

For Q4 2016, investment income at TLC was \$1.7 million, an increase of \$1.0 million or 69% compared to \$0.7 million in Q4 2015. The increase was largely due to higher net operating income as a result of the acquisition of nine new communities in Arizona and California comprising 1,946 residential pads in the year. This was partly offset by higher interest expense from the incremental financing associated with these acquisitions, as well as a lower fair value gain.

Investment income for the full year of 2016 was \$5.1 million, compared to \$0.1 million in 2015, an increase of \$5.0 million. The increase was a result of higher net operating income partly offset by

higher interest expense, as described above, as well as a one-time tax recovery and higher fair value gains recorded throughout 2016.

Investment Income – Tricon Luxury Residences

For Q4 2016, TLR reported an investment income loss of \$1.2 million compared to a loss of \$0.2 million in Q4 2015. This quarter's result was largely related to a fair value reduction at The McKenzie investment in Dallas due to higher budgeted costs to enhance the building's finishes. These enhancements are expected to ultimately result in higher rents, but such rent increases have not been incorporated into budgeted revenues at this stage in the project.

Investment income for the full year of 2016 was \$2.1 million compared to a nominal result in 2015, primarily as a result of fair value gains recognized on existing projects as development milestones were achieved, including increases in appraised land values at two of TLR's Canadian projects, offset by the fair value reduction at The McKenzie described above.

Private Funds and Advisory

Revenue from Private Funds and Advisory (including contractual fees, general partner distributions and performance fees) for Q4 2016 was \$7.8 million, an increase of \$1.1 million or 16% compared to \$6.7 million in Q4 2015. The increase was primarily due to higher fee revenue from Johnson as a result of strong lot sales in Q4 2016.

Revenue for the full year of 2016 was \$26.6 million, an increase of \$0.9 million or 4% compared to \$25.7 in 2015. The increase was largely related to higher fee revenue for Tricon Development Group (the in-house developer of TLR Canada's projects) as development activities progressed on current projects.

Buyout of Minority Interest in TAH

Over the course of Q4 2016 and Q1 2017, TAH completed the acquisition of 100% of the minority interests owned by its legacy single-family rental partners. The aggregate purchase price for the minority interests is approximately \$71.5 million, including a \$9.3 million premium attributable to the buyout of the property management company, and is payable in cash over a twelve-month period.

As a wholly-owned and vertically-integrated owner/operator of single-family rental homes, TAH is well positioned to focus its efforts on portfolio growth and operational excellence in 2017 and beyond.

Quarterly Dividend

The Company announced a dividend of six and one half cents per share in Canadian dollars payable on April 14, 2017 to shareholders of record on March 31, 2017.

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.

Conference Call and Webcast

Management will host a conference call at 10 a.m. ET on Thursday, February 23, 2017 to discuss the Company's results. Please call 647-427-2311 or 1-866-521-4909 (conference ID # 63389640). 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 February 23, 2017 until midnight ET on March 2, 2017. To access the replay, call 1-800-585-8367 or 416-621-4642 and use pass code 63389640.

The Company's Financial Statements and Management's Discussion and Analysis for the three and twelve months ended December 31, 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 \$3.0 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.

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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. Since 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, 2016.