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Tricon Expands Toronto Multi-Family Development Pipeline to Over 3,000 Units

Toronto, Ontario – February 5, 2019 – Tricon Capital Group Inc. (“Tricon” or the “Company”) (TSX:TCN), an investment manager focused on residential real estate, today announced an expansion of its Toronto multi-family development (Tricon Lifestyle Rentals or “TLR”) program to over 3,000 units with the addition of its seventh project in downtown Toronto. The new mixed-use development built in partnership with TAS is located at the corner of Labatt and River streets (“7 Labatt”) in Toronto’s downtown east submarket on a 1.3 acre site that is fully zoned for a ~560,000 square foot building.

The addition of the project at 7 Labatt brings Tricon’s multi-family development pipeline to over 3,000 units with an estimated total cost of approximately $1.2 billion and targeted development yields of 5-6%; Tricon’s average ownership stake in this portfolio is approximately 30%. The seven projects are expected to be completed over the next three to four years.

“Tricon has committed to building a market leading purpose-built rental platform in Toronto and continues to execute on this plan with the addition of its latest project in the thriving Corktown neighbourhood. Even in the context of a competitive land market, we have been able to secure compelling sites at an attractive land basis by partnering with strategic developers and institutional investors seeking long-term cash flow,” said Tricon’s President and CEO Gary Berman.

“Toronto continues to support extremely compelling rental economics with immigration in excess of 100,000 each year, a diverse economy, high quality of life, and growing status as a global city. During 2018, year-over-year rental growth topped 10% and vacancy remained very constrained at less than 1%, according to UrbanRental. Tricon is at the forefront of providing class-A multi-family rental apartments within the most sought-after locations across the city, and is leveraging 30 years of development experience to pursue strong investment returns for our investment partners and shareholders.”

Profile of the 7 Labatt Acquisition

The project at 7 Labatt is immediately south of the Regent Park re-vitalization, a 69 acre master plan that has been transformed to a vibrant, family-oriented urban community. The site is in close proximity to cultural, community and state of the art athletic amenities, and offers convenient access to three downtown streetcar lines as well as the Don Valley Parkway. The project will include approximately 600 residential units, expected to be split evenly between rental and for-sale condominium units. Tricon’s interest in the project site was acquired from TAS, a community-centric mixed-used developer, and the project will be developed in partnership with TAS with construction expected to commence in mid-2020 and completion anticipated in late 2023. The total equity commitment for the project is approximately $60 million (~C$80million), with 30% from Tricon, 50% from an institutional investor, and 20% from TAS.

Update on Tricon's Canadian Multi-Family Development Projects

	TLR Ownership	Projected construction Start	Projected construction End	Projected Rental Units
The Selby (592 Sherbourne)	15%	Q1 2015	Q4 2018	502
The Taylor (57 Spadina)	30%	Q1 2018	Q1 2021	286
The James (Scrivener Square)	50%	TBD	TBD	TBD
West Don Lands - Two Projects	33%	Q2 2019	~2023	1,500
8 Gloucester	47%	Q4 2019	Q3 2022	232
7 Labatt	30%	Q2 2020	Q4 2023	300
				~3,000

The Selby, located at Bloor and Sherbourne streets, commenced initial leasing in December 2018. Interest in the building has been strong across multiple demographic cohorts, with leasing activity picking up into the new year and per-square-foot pricing well above underwritten assumptions. Leasing activity is expected to accelerate as upper floor suites are released and additional amenities are opened including an Oliver and Bonacini restaurant, the mansion, spa, and pool. In addition, the launch of The Selby marks the introduction of the Tricon House operating brand, which brings customer-focused and lifestyle-oriented apartment living to Toronto. Tricon House buildings are defined by architecture and design excellence, exceptional amenities and common areas, service levels that simplify our residents' lives, and a commitment to resident community.

The Taylor at 57 Spadina Ave., commenced construction in Q1 2018 with the demolition of the existing retail building and has materially completed site excavation. The Entertainment District submarket where the project is located has sustained above-average rent growth as it continues to be one of the most sought-after rental neighbourhoods in Toronto for renters; average rents in this node were C$4.10 per square foot as of Q4 2018, according to Urbanation, which is meaningfully above Tricon's underwritten rents. Meanwhile,~40% of construction costs have been awarded and are in line with budgeted expectations.

Tricon Lifestyle Rental's other developments, including Scrivener Square in the Rosedale/Summerhill neighborhood, two sites at the West Don Lands adjacent to the historic Distillery District (in partnership with Dream Unlimited Corp. and Kilmer Group), and 8 Gloucester in the Yonge & Bloor neighborhood, are all currently in the design stage with construction projected to start in 2019-2020.

Update on Tricon's U.S. Multi-Family Development Projects

In the U.S., Tricon is pursuing an orderly exit of its two multi-family development projects. Both buildings are expected to be sold in 2019 with the net proceeds used primarily to reduce Tricon's corporate debt. Going forward, Tricon intends to only invest in businesses where it can obtain scale and hold a leadership position, and aims to increase its exposure to investments with predictable rental income and cash flows which may include multi-family investments.

At The McKenzie, adjacent to Dallas' affluent Highland Park neighbourhood, construction of the 183-unit rental building was substantially completed during the fourth quarter of 2018 and lease-up is progressing well. The building is being actively marketed for sale. At The Maxwell in Frisco, construction of the 325-unit rental building continued as planned and is expected to be substantially completed in early 2019, while lease-up is currently in the early stages.

About Tricon Capital Group Inc.

Tricon is an investment manager focused on the residential real estate industry in North America with approximately $5.7 billion (C$7.3 billion) of assets under management. Tricon invests in a portfolio of single-family rental homes, purpose-built 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 $20 billion. More information about Tricon is available at www.triconcapital.com.

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Certain statements contained in this news release are forward-looking statements and are provided for the purpose of presenting information about management's current expectations and plans relating to the future. Readers are cautioned that such statements may not be appropriate for other purposes. These forward-looking statements include expected project development timelines, anticipated development costs and development yields, planned building features, and statements regarding the intended growth of Tricon Lifestyle Rentals' portfolio. Such statements are based on the Company's internal underwriting assumptions, current project business plans and current transaction pipeline and are subject to significant known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such statements and, accordingly, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Although management believes that it has a reasonable basis for the expectations reflected in these forward-looking statements, actual results may differ from those suggested by the forward-looking statements for various reasons including but not limited to the assumptions, risks and uncertainties described above. These forward-looking statements reflect current expectations of the Company as at the date of this news release and speak only as at the date of this news release. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as may be required by applicable law.

The Company has included herein certain supplemental measures of key performance, including development yields. 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 nine months ended September 30, 2018, which is available on SEDAR at www.sedar.com.