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# Tricon Capital Group Inc.

## News Release

for Immediate Release

March 11, 2015

## Tricon Capital Group Announces Solid Fourth Quarter and 2014 Year End Results

TORONTO, ONTARIO – MARCH 11, 2015

Tricon Capital Group Inc. (“Tricon” or the “Company”) (TSX: TCN), an asset manager and principal investor focused on the residential real estate industry in North America, announced its consolidated financial results for the fourth quarter and full year ended December 31, 2014. Key highlights for the year ended December 31, 2014 are:

- Assets under management increased to \$2.5 billion
- Adjusted EBITDA increased by 45% to \$99.8 million
- Adjusted Basic Earnings per Share increased by 25% to \$0.71 per share
- Investment Income from Tricon Housing Partners increased by 131% to \$42.8 million
- Tricon American Homes reached target goal of 5,000 homes (acquired 1,714 homes in 2014) and increased in-place Occupancy to 84% while completing its internalization of property and asset management functions

"I am very pleased with our 2014 financial results, with record performance across all our business lines," said Gary Berman, President and CEO of Tricon. "Our management team has worked extremely hard to deliver these results and I am proud of the contribution and commitment each of our employees has made towards our collective success. With our goal of establishing Tricon as a "housing brand" now firmly in place, I am confident that we are well positioned to further our growth through our disciplined yet opportunistic investment strategy and proactive management style."

## Financial Highlights

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

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
<b>Selected Financial Statements Information</b>						
Net Income	\$ 48,303	\$ 16,230	\$ 32,073	\$ 110,403	\$ 36,073	\$ 74,330
Basic Earnings Per Share	0.53	0.18	0.35	1.22	0.60	0.62
Diluted Earnings Per Share	0.50	0.18	0.32	1.05	0.59	0.46
Dividends Per Share	0.06	0.06	-	0.24	0.24	-
<b>Selected MD&amp;A Financial Information</b>						
Adjusted Base Revenue	\$ 29,904	\$ 17,872	\$ 12,032	\$ 90,937	\$ 46,878	\$ 44,059
Adjusted EBITDA	39,330	28,196	11,134	99,794	68,787	31,007
Adjusted Net Income	32,468	11,422	21,046	64,347	34,686	29,661
Adjusted Base Earnings Per Share	0.36	0.13	0.23	0.71	0.57	0.14
Adjusted Diluted Earnings Per Share	0.30	0.10	0.20	0.59	0.45	0.14
Weighted Average Basic Shares Outstanding	90,729,695	90,664,248	65,447	90,821,117	60,534,679	30,286,438
Weighted Average Diluted Shares Outstanding	109,642,585	109,044,166	598,419	109,756,765	61,372,589	48,384,176
<b>As at December 31</b>						
Assets Under Management ("AUM")				\$ 2,484,604	\$ 1,857,804	\$ 626,800
Private Funds and Advisory AUM				1,245,084	981,644	263,440

Net income for the year ended December 31, 2014 totaled \$110.4 million or \$1.22 per share compared to \$36.1 million, or \$0.60 per share for the year ended December 31, 2013. The increase in earnings is primarily driven by the growth in AUM, increase in fees earned, and continued value creation activities from our principal investments.

Adjusted Base Revenue increased by \$44.1 million or 94% to \$90.9 million for 2014 compared to \$46.9 million for 2013. In the fourth quarter, Adjusted Base Revenue increased by \$12.0 million or 67% to \$29.9 million. These increases were attributable to the fair value increase of investments in Tricon Housing Partners ("THP") and growth of the Tricon American Homes ("TAH") portfolio.

Adjusted EBITDA increased by \$31.0 million or 45% to \$99.8 million for 2014. Adjusted EBITDA excluded unrealized foreign exchange gains of \$59.2 million compared to \$68.8 million for 2013. Adjusted EBITDA in the fourth quarter of 2014

increased by \$11.1 million or 39% to \$39.3 million compared to \$28.2 million for the same period of the prior year. The increase was the result of increased Adjusted Base Revenue as well as the fair value increase of the TAH portfolio.

Adjusted Net Income increased by \$29.7 million or 86% to \$64.3 million in 2014 compared to \$34.7 million in 2013. In the fourth quarter, Adjusted Net Income increased by \$21.0 million or 184% to \$32.5 million compared to \$11.4 million for the same period in the prior year.

Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share increased by 25% and 31% to \$0.71 and \$0.59, respectively, in 2014 compared to \$0.57 and \$0.45, respectively, in 2013. In the fourth quarter, Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share increased by 177% and 200% to \$0.36 and \$0.30, respectively, compared to the same period in the prior year.

Assets Under Management ("AUM") increased by \$627 million or 34% to \$2,485 million as at December 31, 2014 compared to \$1,858 million as at December 31, 2013. The increase was primarily attributable to newly acquired investments through the Private Funds and Advisory business and the expansion of the TAH portfolio.

## Operational Highlights

### Private Funds and Advisory

Private Funds and Advisory AUM increased by \$263 million or 27% to \$1,245 million as at December 31, 2014 compared to \$982 million as at December 31, 2013. The increase was primarily the result of new separate account and side-car investments.

On April 15, 2014, the Company acquired a 50.1% interest in The Johnson Companies LP ("Johnson"). Johnson (net of Non-Controlling Interest) contributed \$3.7 million to the Adjusted EBITDA in 2014.

Contractual Fees increased by \$11.8 million or 78% to \$27.0 million for 2014 compared to 2013 with the increase primarily relating to the inclusion in 2014 of Johnson Contractual Fees of \$11.6 million. For the fourth quarter of 2014, Johnson contributed \$6.7 million to Contractual Fees, resulting in Contractual Fees increasing by \$6.0 million or 115% compared to the same period of the prior year. Excluding Johnson, Contractual Fees were essentially consistent with the prior year.

### Principal Investments

#### Tricon Housing Partners

Investment Income from THP increased by \$24.3 million or 131% to \$42.8 million for 2014 compared to 2013, primarily as a result of the income from the Company's 68.4% ownership in Tricon Housing Partners US LP ("THP1 US", formerly Tricon IX LP). In the fourth quarter of 2014, Investment Income from THP increased by \$4.7 million or 55% to \$13.2 million compared to the same period of 2013 as a result of fair value increases in the underlying projects.

#### Tricon American Homes

Investment Income from TAH increased by \$9.9 million or 111% to \$18.9 million for the year ended December 31, 2014 compared to \$8.9 million in 2013. The total home portfolio has grown 52% to 5,030 homes at the end of 2014, compared to 3,316 homes at the end of 2013. In-place Occupancy increased by 6% to 84% and Gross Margin remained constant at 63% when compared to the prior year.

The fair value of the TAH portfolio increased by \$37.4 million in 2014 compared to a \$32.1 million increase over the prior year. In the fourth quarter of 2014, Tricon obtained Broker Price Opinion valuations for 2,398 homes located in eight out of 11 markets.

### Tricon Lifestyle Communities

On August 27, 2014 the Company acquired its first manufactured housing community, Longhaven Estates ("Longhaven") in Phoenix, Arizona for \$15.4 million. Longhaven generated Investment Income of \$0.2 million from acquisition date to December 31, 2014.

### Subsequent Events

Effective January 1, 2015, Tricon and its consolidated entities changed the functional and presentation currency to the US dollar given the increasing prevalence of US dollar-denominated activities in the Company over time. As of December 31, 2014, 98% of Tricon's balance sheet investments were in the United States. Commencing with the first quarter of 2015, the Company's Financial Statements will be reported in US dollars. The change in functional currency will remove most of the impact from foreign exchange fluctuations on the Financial Statements.

On February 23, 2015, TAH completed the integration and internalization of the property management and asset management functions in all 11 markets in which it invests. After the internalization, Tricon, through its subsidiaries, owns 55% of the operating entities that provide property and asset management services.

On March 2, 2015, the Company announced an increase to its existing corporate revolving credit facility to US\$175 million from US\$105 million. The increased credit facility includes a syndicate of lenders comprised of Royal Bank of Canada, The Toronto-Dominion Bank, Bank of Montreal, JPMorgan Chase Bank, National Bank of Canada, Alberta Treasury Branches, Raymond James Bank, Canadian Western Bank and Laurentian Bank of Canada. The credit facility may be increased to US\$200 million with the approval of the lenders. The remaining key terms of the credit facility, including pricing and a maturity date of April 2018, remain unchanged.

On March 10, 2015, Tricon announced that Gary Berman has been appointed as President and Chief Executive Officer. Tricon's former CEO, David Berman, will remain on the Board of Directors and will assume the role of Executive Chairman.

### Quarterly Dividend

The Company announced a dividend of six cents per share payable on April 15, 2015 to shareholders of record on March 31, 2015.

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 (the "DRIP") which allows eligible shareholders of the Corporation to direct that their cash dividends be reinvested in additional common shares (the "Common Shares"). Common Shares issued pursuant to the DRIP in connection with the announced dividend will be issued from treasury at a 5% discount from the market price. Participation in the DRIP is optional and shareholders who do not wish to participate in the plan will continue to receive cash dividends. A complete copy of the DRIP is available under the Investor Information section of Tricon's website.

## Conference Call and Webcast

Management will host a conference call at 10 a.m. ET on March 12, 2015, to discuss the results. Please call 1-647-788-4901 or 1-877-201-0168 (Conference ID # 72721264). The conference call will also be accessible via webcast at [www.triconcapital.com](http://www.triconcapital.com) (go to Investor Information – Events). A replay of the conference call will be available from noon ET on March 12, 2015 until midnight ET on March 19, 2015. To access the replay, call 1-855-859-2056 or 404-537-3406, followed by pass code 72721264#.

The Company's Financial Statements and Management's Discussion and Analysis are available on the Tricon website at [www.triconcapital.com](http://www.triconcapital.com) and have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)). The financial information is presented in Canadian dollars.

## Basis of Presentation

Tricon prepares and releases audited consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). 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 Base Revenue, Adjusted EBITDA, Adjusted Net Income 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 year ended December 31, 2014, 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 operating performance. A reconciliation of net income and such non-IFRS measures 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 operating performance.

## About Tricon Capital Group Inc. (TSX: TCN)

Tricon is an asset manager and principal investor focused on the residential real estate industry in North America with approximately \$2.5 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, and manufactured housing communities. Our business objective is to earn fee income through our Private Funds and Advisory business and to invest for investment income and capital appreciation through our Principal Investment business. Since inception in 1988, Tricon has invested in real estate and development projects valued at approximately \$16 billion. More information about Tricon is available at [www.triconcapital.com](http://www.triconcapital.com).

*This press release may contain forward-looking statements relating to expected future events and financial and operating results and projections of the Company, including statements regarding the Company's growth and investment opportunities that involve risks and uncertainties. Forward-looking information and statements are based on management's expectations, intentions and assumptions. 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, as available on SEDAR at [www.sedar.com](http://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.*

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