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Tricon Capital Group Announces Q3 2015 Results

Toronto, Ontario – November 12, 2015 – Tricon Capital Group Inc. ("Tricon" or the "Company", TSX:TCN), a principal investor and asset manager focused on the residential real estate industry, announced today its consolidated financial results for the three and nine months ended September 30, 2015. Key highlights include:

- Adjusted EBITDA increased by 34% year-over-year to $84.5 million (for Q3, increased by 40% to $25.2 million compared to same quarter in 2014);
- Adjusted Basic Earnings per Share increased by 23% year-over-year to $0.54 per share (for Q3, decreased by 8% to $0.12 per share compared to same quarter in 2014);
- Realized Investment Income from Tricon American Homes ("TAH") was $22.2 million, a 73% year-over-year increase (for Q3, increased by 44% to $7.5 million compared to same quarter in 2014), primarily driven by the completion of a portfolio acquisition of 1,385 single-family rental homes;
- Assets Under Management ("AUM") increased by 24% year-over-year to $2.5 billion (C$3.3 billion);
- Balance sheet strengthened with C$150 million bought deal equity financing; current liquidity includes cash of $40.6 million and undrawn corporate credit facility of $235 million

"The solid fundamentals of our business reflect the hard work, talent and dedication of our people, as well as our focused acquisition and growth strategy in each vertical," said Gary Berman, Tricon's President and Chief Executive Officer. "We have had a very productive year to date, adding a marquee master plan to our THP business, growing our TAH portfolio by nearly 50% year-over-year, generating scale in our TLC vertical with two portfolio acquisitions, and getting our new TLR vertical off the ground with development properties. With a very healthy balance sheet and strong deal pipeline, we are well positioned for further growth in the quarters to come."

For the Periods Ended September 30 *(In thousands of US dollars, except for per share amounts)*	*Three Months*			*Nine Months*		
	2015	2014	Variance	2015	2014	Variance
Selected Financial Statement Information						
Net Income	$ 33,121	$ 38,667	$ (5,546)	$ 29,439	$ 55,440	$ (26,001)
Basic Earnings Per Share	0.34	0.43	(0.09)	0.32	0.61	(0.29)
Diluted Earnings Per Share	0.20	0.32	(0.12)	0.31	0.51	(0.20)
Dividends Per Share	C$0.06	C$0.06	-	C$0.18	C$0.18	-
Selected MD&A Financial Information						
Adjusted EBITDA	25,195	18,039	7,156	84,493	63,082	21,411
Adjusted Net Income	11,997	11,683	314	50,127	39,946	10,181
Adjusted Basic Earnings Per Share	0.12	0.13	(0.01)	0.54	0.44	0.10
Adjusted Diluted Earnings Per Share	0.10	0.11	(0.01)	0.45	0.36	0.09
Weighted Average Basic Shares Outstanding	97,311,968	90,973,738	6,338,230	92,838,561	90,856,450	1,982,111
Weighted Average Diluted Shares Outstanding	115,916,032	109,571,512	6,344,520	111,353,101	109,453,436	1,899,665
Assets Under Management ("AUM")				$ 2,523,407	$ 2,035,734	$ 487,673

Financial Highlights

For the nine months ended September 30, 2015, Net Income, as recorded in the financial statements, was $29.4 million compared to $55.4 million for the same period in 2014, which includes a fair value loss on derivative financial instruments of $16.2 million related to the Company's convertible debentures ($9.4 million gain in the prior year), as well as a foreign exchange gain of $17.0 million ($0.1 million gain in the prior year). For Q3 2015, Net Income was $33.1 million compared to $38.7 million in Q3 2014, inclusive of a fair value gain on derivative financial instruments of $15.8 million ($7.5 million gain in the prior year) and a foreign exchange gain of $7.5 million ($1.1 million loss in the prior year).

Adjusted Net Income, which excludes non-recurring and non-cash items, increased by $10.2 million or 25% to $50.1 million for the nine months ended September 30, 2015, compared to $39.9 million for the same period in 2014. For Q3 2015, Adjusted Net Income increased by $0.3 million or 3% to $12.0 million compared to $11.7 million for Q3 2014.

Adjusted EBITDA increased by $21.4 million or 34% to $84.5 million for the nine months ended September 30, 2015, compared to $63.1 million for the same period in 2014. Adjusted EBITDA for Q3 2015 increased by $7.2 million or 40% to $25.2 million compared to $18.0 million for Q3 2014. The increase was primarily driven by higher realized investment income and fair value increases in Tricon American Homes' single-family rental portfolio as well as growth in contractual fees, offset by a decrease in investment income in the Company's Tricon Housing Partners business line.

Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share increased by 23% and 25% to $0.54 and $0.45 respectively for the nine months ended September 30, 2015, compared to $0.44 and $0.36 in the corresponding periods in 2014. In Q3 2015, Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share decreased by 8% and 9% to $0.12 and $0.10 respectively, compared to $0.13 and $0.11 in Q3 2014. The decrease was primarily a result of the dilutive effect of shares issued during the quarter and share issuance proceeds not fully deployed, as well as a higher tax expense compared to the prior year.

Assets Under Management ("AUM") increased by $488 million, or 24%, to $2.523 billion as at September 30, 2015, compared to $2.036 billion as at September 30, 2014. The separate accounts and side-car investments formed in 2014 and 2015, along with the aforementioned portfolio acquisition and fair value adjustment of the TAH single-family rental home portfolio, were the primary drivers of the increase.

Operational Highlights

Principal Investments

Tricon Housing Partners ("THP")

Investment Income from THP decreased by $16.5 million or 47% to $18.5 million for the first nine months of 2015 compared to $35.0 million for the same period in 2014. In Q3 2015, Investment Income from THP decreased by 27% or $2.0 million to $5.4 million compared to $7.4 million for Q3 2014. The decrease in the quarter was primarily due to lower investment income from THP1 US and THP3 Canada, as a result of lower invested capital as distributions were received and investments were realized, partially offset by higher investment income generated by separate accounts and side-cars.

During the quarter, the Company closed a $141.4 million investment in an existing active 2,083-acre master planned community in Dallas-Fort Worth, Texas known as Viridian. The investment was made in a new separate account whereby Tricon committed to invest $25.4 million and an institutional investor committed the remaining $116.0 million.

The Company also launched the initial public offering of Tricon Investment Partners ("TIP"), which was subsequently withdrawn due to adverse market conditions. TIP was created to replicate Tricon's land and homebuilding private fund business through a pure-play public company to be externally managed by Tricon. At the current time, the Company will continue to fund its THP business vertical using its balance sheet and third party private capital.

Tricon American Homes ("TAH")

Realized Investment Income from TAH increased by $9.4 million or 73% to $22.2 million for the nine months ended September 30, 2015, from $12.8 million for the same period in 2014. In Q3 2015, Investment Income from TAH increased by 44% or $2.3 million to $7.5 million compared to $5.2 million for Q3 2014. The portfolio grew 46% to 6,827 homes as at September 30, 2015, compared to 4,682 homes as at September 30, 2014.

In-place occupancy increased by 8% to 91% as at September 30, 2015, compared to 83% as at September 30, 2014. Year-to-date Operating Margin decreased to 60% as at September 30, 2015, compared to full-year Operating Margin of 63% in 2014. The decrease in margin was attributed to various factors, including one-time property-level accruals, as well as a change in portfolio mix with the ownership of more homes in jurisdictions with higher property tax rates (in particular, Texas), and expenses related to improving the credit quality of the tenant base of the portfolio acquired earlier this year. Excluding approximately $1 million of one-time accruals and adjustments, TAH Investment Income would have been approximately $8.5 million in Q3 with Operating Margin of approximately 60% versus 56% reported in Q3, while Operating Margin in the year-to-date period would have remained at 60%.

The fair value of the TAH portfolio increased by $45.2 million in the nine months ended September 30, 2015, compared to $16.3 million in the same period in 2014. In Q3 2015, TAH recognized a fair value gain of $12.1 million compared to $5.4 million for Q3 2014. In the first nine months of 2015, Tricon obtained Broker Price Opinions ("BPOs") for 2,703 homes (42% of total homes valued) located in Charlotte, North Carolina; Southeast Florida; Atlanta, Georgia and Northern California. In Q3 2015, TAH valued the majority of its properties using the Home Price Indexes ("HPI") Methodology.

Tricon Lifestyle Communities ("TLC")

Investment Income from TLC was $0.8 million for the nine months ended September 30, 2015, and $0.3 million for Q3 2015 compared to $0.04 million for the corresponding periods in the prior year. Investment Income increased as a result of a full nine months' contribution from Longhaven and additional income generated from Apache MHP, acquired in Q2 2015. Portfolio occupancy was 89% as at September 30, 2015, compared to 91% in the prior year. The year-to-date Operating Margin was 63%, compared to full-year Operating Margin of 62% in 2014. Both variances are attributed to the addition of Apache MHC to the portfolio.

On August 10, 2015, TLC entered into a binding contract to purchase a portfolio of five age-restricted communities in the Phoenix MSA which is comprised of approximately 1,360 residential pads. The transaction is expected to close in Q4 2015 at an acquisition price of $34.3 million, including $22.0 million of assumed debt.

On October 30, 2015, TLC completed the acquisition of a portfolio of three age-restricted communities in the Phoenix MSA which is comprised of 617 residential pads. The purchase price of $25 million was satisfied in cash and $15.9 million of debt with a five-year term and a fixed rate of approximately 3.8%.

Tricon Luxury Residences ("TLR")

On July 28, 2015, the Company announced a new strategic initiative focused on the development and management of a portfolio of Class-A purpose-built rental apartments across the United States and Canada. This new business vertical, Tricon Luxury Residences ("TLR"), forms the Company's fourth major business line.

TLR US secured its first development opportunity in Dallas, Texas: a 22-storey building comprising 183 units, situated on 1.3 acres of land adjacent to the exclusive Highland Park neighbourhood approximately three miles from downtown Dallas. Closing of the project partnership documentation took place in early Q4 2015 and building construction is expected to start before year-end.

A second development has also been secured (and closed) in the fast-growing North Dallas submarket of Frisco that will feature a four-storey building with approximately 325 units. Construction of the project is expected to commence in mid-2016.

Tricon and its development partner are also currently pursuing an active pipeline of investments in Dallas, Phoenix and San Diego that are projected to commence development in 2016.

TLR Canada secured its first development opportunity in downtown Toronto, a 50-storey tower called "The Selby". Tricon has partnered with a major Canadian pension plan to form a C$54.4 million separate account on an 85%/15% basis (Investor/Tricon). Invested capital totaled $39 million year-to-date, of which $3.5 million was contributed by Tricon and $19.9 million was contributed by Tricon's partner, with the remainder funded by project debt.

Private Funds and Advisory

Private Funds and Advisory AUM increased by 12% or $128 million to $1,177 million as at September 30, 2015 compared to $1,049 million as at September 30, 2014. The increase was largely due to the closing of three separate account investments since Q3 2014, offset by distributions made by THP1 US, Canadian funds and separate accounts.

Contractual Fees increased by $3.5 million or 24% to $17.9 million for nine months ended September 30, 2015, compared to $14.4 million for nine months ended September 30, 2014, In Q3 2015, Contractual Fees increased by 6% or $0.4 million to $7.3 million compared to $6.8 million for Q3 2014. The increase in year-to-date contractual fees is primarily due to the inclusion of Johnson's Contractual Fees only for a portion of the period in 2014, from April 15 to September 30, 2014. For the nine months ended September 30, 2015, Johnson generated $8.2 million of Contractual Fees, as compared to $4.5 million from April 15 to September 30, 2014. Excluding Johnson, Contractual Fees were largely consistent with the same period in the prior year.

Subsequent Events

On October 6, 2015, the Company announced its intention to make a normal course issuer bid ("NCIB") for a portion of its common shares. Pursuant to the NCIB, the Company is permitted to acquire up to 10,421,165 Common Shares, being 10% of the Company's public float, in the 12-month period commencing October 8, 2015 and ending on October 7, 2016, subject to applicable regulatory requirements. Between October 1 and November 11, 2015, the Company acquired 516,400 shares under its current and prior NCIB at a weighted average price of C$10.65 for a total of C$5.5 million.

On October 19, 2015, the Company announced its intention to redeem in full all of its currently outstanding 6.375% convertible unsecured subordinated debentures due August 31, 2017 (the "Debentures"), and has issued a notice of such redemption to the holders of the Debentures. The Debentures will be redeemed on November 30, 2015 and the redemption price will be paid by the issuance of common shares of the Company in accordance with the terms of the Debentures.

Quarterly Dividend

The Company announced a dividend of six cents per share in Canadian dollars payable on January 15, 2016, to shareholders of record on December 31, 2015.

Tricon has a Dividend Reinvestment Plan ("DRIP") which allows eligible shareholders of the Company to reinvest their cash dividends in additional common shares ("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 in the Investor Information section of Tricon's website.

Conference Call and Webcast

Management will host a conference call at 10 a.m. ET on November 13, 2015, to discuss the Company's results. Please call 1-647-788-4901 or 1-877-201-0168 (Conference ID # 45080664). The conference call will also be accessible via webcast at www.triconcapital.com (go to Investor Information – Events). A replay of the conference call will be available from 1 p.m. ET on November 13, 2015 until midnight ET on November 20, 2015. To access the replay, call 1-855-859-2056 or 404-537-3406 and use the pass code 45080664#.

The Company's Financial Statements and Management's Discussion and Analysis are available on Tricon's website at www.triconcapital.com and have been filed on SEDAR (www.sedar.com). The financial information 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 $2.5 billion (C$3.3 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 $16 billion. More information about Tricon is available at www.triconcapital.com.

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The financial results presented above include non-IFRS financial measures such as AUM, Adjusted Base Revenue, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per Share. These non-IFRS measures are defined and discussed in Tricon's Management's Discussion and Analysis for the nine months ended September 30, 2015. This news 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, 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.