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Tricon Reports Strong Growth in FFO per Share and Third-Party AUM in Q3 2019

Toronto, Ontario - November 6, 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 nine months ended September 30, 2019. All financial information is presented in U.S. dollars unless otherwise indicated.

Key operational and financial highlights for Q3 2019 include:

- Net income of $32.5 million; basic and diluted earnings per share of $0.16 and $0.15, respectively;
- Adjusted EBITDA of $82.6 million; Adjusted basic and diluted earnings per share of $0.17;
- Funds from operations ("FFO") increased by 115% year-over-year to $23.6 million; FFO per share was $0.11 (C$0.15), representing an increase of 57% year-over-year;
- Assets under management ("AUM") increased by 39% year-over-year to $7.9 billion (C$10.5 billion) and third-party AUM increased by 33% year-over-year to $2.3 billion (C$3.1 billion);
- Tricon American Homes ("TAH") NOI grew by 32% year-over-year to $49.7 million and Core FFO increased by 66% year-over-year to $21.4 million, driven by the growing leased portfolio and improved operating performance including 96.3% stabilized occupancy, 6.1% blended rent growth and a 64.7% NOI margin;
- TAH achieved strong same home metrics of 65.2% NOI margin, 10.0% NOI growth, 6.4% blended rent growth, and 96.1% leased occupancy;
- TAH purchased 918 homes during the quarter in its TAH JV-1 portfolio and reached a major milestone by acquiring its 20,000th single-family rental home subsequent to quarter-end;
- Tricon Lifestyle Rentals' ("TLR") U.S. Multi-Family Portfolio reported total and same property NOI growth of 6.8% year-over-year to $17.2 million, a 120 bps increase in occupancy to 94.7%, renewal rent growth of 3.8% and a NOI margin of 59.3%;
- TLR Canada achieved 73% lease-up at The Selby; in addition, TLR Canada entered into an agreement to expand its portfolio in Toronto's West Don Lands to include Block 10;
- Tricon Housing Partners ("THP") entered into a $450.0 million joint venture with a leading institutional investor, targeting investments in master-planned communities and the development of single-family "build-to-rent" communities in the U.S. Sun Belt; and
- Private Funds and Advisory revenue increased by 46% year-over-year to $11.3 million, reflecting growth in third-party capital, higher performance fees and additional development fees earned from Johnson.

"Tricon made meaningful progress on our recently announced strategic priorities, including strong growth in FFO per share and third-party AUM, which we view as key drivers for enhancing shareholder value," said Gary Berman, Tricon's President and CEO. "In Q3, we grew our FFO per share by 57% to $0.11 (C$0.15) and entered into a $450 million joint venture with the Arizona State Retirement System that should enable us to become a major player in the burgeoning single-family "build-to-rent" sector and to further transition THP to primarily an off-balance sheet business. Our core middle market rental housing business, representing 81% of our principal investments, continues to perform extremely well with same property NOI growth of 10.0% and 6.8% in our single-family and U.S. multi-family rental portfolios, respectively. Lastly, we made substantial advances in our Canadian multi-family development business, growing our total portfolio to over 3,600 units, securing attractive permanent financing for both The Selby and Blocks 8/20 in the West Don Lands, and achieving zoning approvals for The James (the Scrivener Square project) subsequent to quarter-end."

Financial Highlights

For the periods ended September 30	**Three months**		**Nine months**	
(in thousands of U.S. dollars, except per share amounts)	**2019**	**2018**	**2019**	**2018**
Investment income - Tricon American Homes ("TAH")	$ 35,958	$ 53,650	$ 119,742	$ 180,773
Investment income - Tricon Lifestyle Rentals ("TLR")	10,280	1,189	18,168	4,753
Investment income - Tricon Housing Partners ("THP")	1,109	3,309	6,682	9,506
Investment income from discontinued operations and gain from disposal of investments held for sale - Tricon Lifestyle Communities ("TLC")	—	—	—	21,170
Private Funds and Advisory revenue	11,323	7,741	28,179	20,782
Net income	32,457	33,826	68,876	173,058
Basic earnings per share	0.16	0.25	0.41	1.28
Diluted earnings per share	0.15	0.24	0.39	1.06
Dividends per share	C$ 0.07	C$ 0.07	C$ 0.21	C$ 0.21
Non-IFRS measures				
Adjusted net income	33,924	41,010	100,650	177,520
Adjusted EBITDA	82,584	74,954	218,415	283,190
Fair value gain included in investment income - TAH	(18,734)	(42,345)	(72,063)	(155,706)
Adjusted EBITDA from discontinued operations - TLC	—	—	—	(31,394)
Adjusted EBITDA excluding TAH fair value gain and TLC Adjusted EBITDA	63,850	32,609	146,352	96,090
Adjusted basic earnings per share	0.17	0.30	0.61	1.32
Adjusted diluted earnings per share	0.17	0.27	0.58	1.15
Funds from operations (FFO)	23,629	10,965	46,407	24,992
Funds from operations (FFO) per share	0.11	0.07	0.25	0.15
Funds from operations (FFO) per share (CAD)	C$ 0.15	C$ 0.09	C$ 0.33	C$ 0.19
Assets under management (AUM)			$ 7,899,855	$ 5,664,371

Net income for the third quarter of 2019 was $32.5 million compared to $33.8 million in Q3 2018, and included:

- Investment income from TAH of $36.0 million compared to $53.7 million in Q3 2018 as a result of a lower fair value gain of $18.7 million in Q3 2019 compared to $42.3 million in Q3 2018 based on the combination of BPO and HPI valuation methodologies. The HPI increase net of capital expenditures in Q3 2019 was 0.6% (2.4% annualized) compared to a 1.5% increase in Q3 2018 (6.0% annualized). Meanwhile, TAH NOI grew to $49.7 million in Q3 2019 compared to $37.7 million in Q3 2018;

- Investment income from TLR of $10.3 million compared to $1.2 million in Q3 2018, comprised primarily of $5.5 million investment income from the U.S. Multi-Family Portfolio acquired on June 11, 2019 and a $4.4 million gain on the one remaining TLR U.S. development project held for sale;

- Revenue from Private Funds and Advisory of $11.3 million in Q3 2019 compared to $7.7 million in Q3 2018, primarily attributable to higher performance fees generated from THP investments and higher development fees from Johnson;

- No loss on debt extinguishment in Q3 2019 compared to a loss of $5.3 million in Q3 2018 related to the redemption of the outstanding balance of the 2020 convertible debentures on October 9, 2018; and

- Fair value gain on derivative financial instruments of $3.1 million in relation to the Company's convertible debentures compared to a loss of $0.6 million in Q3 2018, as the time remaining until the conversion option expiration is reduced.

Adjusted EBITDA for the third quarter of 2019 was $82.6 million compared to $75.0 million in Q3 2018. The result was driven by a lower fair value gain at TAH partly offset by higher NOI, as discussed above, as well as the incremental contribution of the TLR U.S. Multi-Family Portfolio in its first full quarter under Tricon's ownership.

Funds from operations (FFO) for the third quarter of 2019 was $23.6 million compared to $11.0 million in Q3 2018, attributable to:

- Single-family rental Core FFO (net of third-party investor interests) of $19.1 million in Q3 2019 compared to $12.9 million in Q3 2018 driven by a larger leased portfolio and higher NOI margin, partly offset by higher interest expense on a larger outstanding debt balance to finance the growing portfolio;

- Multi-family rental Core FFO of $6.9 million in Q3 2019 resulting from NOI of $17.2 million partially offset by interest expense of $9.7 million;

- Fee income from Private Funds and Advisory (net of non-controlling interests) of $10.1 million in Q3 2019 compared to $7.1 million in Q3 2018, primarily as a result of higher performance fees generated from THP investments and higher development fees from Johnson; and

- Relatively modest growth in corporate overhead of $10.3 million in Q3 2019 compared to $9.3 million in Q3 2018 while achieving significant growth in vertical-level FFO.

Tricon American Homes

NOI increased by $12.1 million or 32% to $49.7 million compared to $37.7 million in Q3 2018 as a result of a larger leased portfolio, significant rent growth and continued improvement in cost containment across the portfolio. The NOI margin for the total portfolio in the quarter was 64.7% compared to 61.6% in Q3 2018. The NOI margin increase was driven by the following factors:

- Higher revenue from a growing portfolio of properties and strong average blended rent growth of 6.1% (9.5% on new leases and 4.7% on renewals); and

- Cost efficiency realized for repairs and maintenance (R&M) and turns as TAH continues to use in-house personnel for its R&M function, partially offset by increased property tax expense driven by home price appreciation.

On a same home basis, Q3 2019 NOI increased by 10.0% year-over-year and the NOI margin increased to 65.2% from 62.7% in Q3 2018 for reasons similar to those listed above. The same home portfolio generated strong operating metrics in Q3 2019, including 6.4% rent growth (10.1% on new leases and 4.8% on renewals) and a 30.7% annualized turnover rate accompanied by occupancy of 96.1%.

TAH acquired 918 homes in Q3 2019 for TAH JV-1, bringing the total number of homes under management to 19,962 (including 4,462 for TAH JV-1). Subsequent to quarter-end, TAH reached a major milestone by acquiring its 20,000th home.

Unless otherwise noted, the TAH operating metrics discussed in this press release (including NOI and Core FFO) reflect the performance of the entire portfolio under management, which includes the performance of the TAH JV-1 portfolio managed by a TAH subsidiary.

Tricon Lifestyle Rentals

Tricon Lifestyle Rentals U.S.

NOI from the U.S. Multi-Family Portfolio increased by $1.1 million or 6.8% to $17.2 million in Q3 2019 compared to $16.1 million in Q3 2018 as a result of higher leasing activity, improved cost containment and realization of property tax recoveries. The NOI margin for the quarter was 59.3% compared to 56.8% in Q3 2018. The NOI margin increase was a result of the following factors:

- Increased revenue from higher leasing activity as occupancy improved to 94.7% in Q3 2019 compared to 93.5% in Q3 2018, supported by solid rent growth of 3.8% on renewed leases; and

- Efficient cost management through the successful renegotiation of service contracts at favourable rates.

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. Management believes the information is useful in understanding the performance of the U.S. Multi-Family 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, TLR Canada's first project, The Selby, reported 112 leases signed, bringing leased occupancy to 73%, and secured a 10-year mortgage insured by Canada Mortgage and Housing Corporation (CMHC), which is expected to be fully funded in early 2020 upon construction completion and rental stabilization.

In addition, TLR Canada and its joint venture partners closed on a 10-year $357 million loan to finance the construction of Blocks 8/20 of the West Don Lands, which is also insured by CMHC as part of the Rental Construction Financing initiative.

In September 2019, TLR Canada and its joint venture partners entered into an agreement to expand their multi-family rental portfolio to include Block 10 of the West Don Lands, which is expected to close in early 2020. Once closed, the joint venture partners together will control over eleven acres of prime land representing over 1,800 rental units at build-out within the West Don Lands, bringing TLR Canada's development portfolio to over 3,600 units.

Subsequent to quarter-end, TLR Canada received a positive ruling from the Land Planning Appeal Tribunal (LPAT) on its proposed density at The James (the Scrivener Square project in Rosedale/ Summerhill). The final official plan amendment and zoning by-law amendment approvals are expected in late 2019, and site construction is on track to commence in early 2020.

Assets held for sale within TLR

The Maxwell in Frisco, Texas was 95% leased as of quarter-end, and TLR is on track to sell The Maxwell by year-end.

Private Funds and Advisory

Revenue from Private Funds and Advisory (including contractual fees, general partner distributions and performance fees) was $11.3 million in Q3 2019 compared to $7.7 million in Q3 2018. Revenue included $9.9 million of contractual and development fees from THP, $1.0 million of asset management fees earned from TAH JV-1 and $0.4 million of development management fees from TLR projects. The increase was largely attributable to an increase in performance fees of $2.5 million from THP commingled funds and separate accounts, as well as higher development fees from Johnson.

Quarterly Dividend and Normal Course Issuer Bid

The Company announced a dividend of seven cents per share in Canadian dollars payable on or after January 15, 2020 to shareholders of record on December 31, 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 495,402 of its common shares for C$4.9 million under the NCIB.

Conference Call and Webcast

Management will host a conference call at 10 a.m. ET on Thursday, November 7, 2019, to discuss the Company's results. Please call 647-427-2311 or 1-866-521-4909 (Conference ID #1546476). 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 November 7, 2019 until midnight ET on

December 7, 2019. To access the replay, call 1-800-585-8367 or 416-621-4642, followed by passcode 1546476.

The Company's Financial Statements and Management's Discussion and Analysis for the three and nine months ended September 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 $7.9 billion (C$10.5 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, adjusted earnings per share ("EPS"), funds from operations ("FFO") and funds from operations per share ("FFO per share"), 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 nine months ended September 30, 2019, which is available on SEDAR at www.sedar.com.