



Tricon American Homes Completes Sale of Non-core Homes and Debt Refinancing Initiatives Ahead of Schedule

Toronto, Ontario – October 24, 2017 – 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 a number of recent transactions completed by its Tricon American Homes (“TAH”) single-family rental subsidiary to refinance and optimize the portfolio of homes acquired through its merger transaction with Silver Bay Realty Trust Corp (“Silver Bay”) on May 9, 2017. Specifically, TAH:

- Completed the sale of 1,523 non-core homes for total proceeds of approximately \$153 million;
- Entered into a new \$347.6 million five-year term loan facility with Morgan Stanley Asset Funding Inc.;
- Repaid all amounts outstanding under its floating-rate securitized loan entered into in 2015 on October 6;
- Amended and restated its existing warehouse credit facility on October 6; and
- Completed a \$463 million single-family rental securitization transaction, announced on August 23.

“As part of the Silver Bay acquisition, TAH set a goal of divesting its non-core homes by year-end 2018 and has delivered on that promise well ahead of schedule,” said Gary Berman, President and CEO of Tricon. “The recent refinancing initiatives have also enhanced TAH’s capital structure with a more staggered maturity profile, attractive cost of financing across both fixed and floating rate instruments and, with the new Morgan Stanley term loan, a more diversified set of financing options. With a more dynamic balance sheet in place, TAH is well positioned to resume its growth plan heading into 2018.”

Sale of Non-Core Homes

TAH today completed the sale of 1,523 non-core homes to a large institutional single-family rental owner/operator, including 1,247 homes acquired from Silver Bay. The homes sold include:

- (i) homes in Tucson, AZ and Columbus, OH, which are non-core markets for TAH;
- (ii) homes with rents below \$1,000 per month which fall outside of TAH’s middle-market strategy; and
- (iii) homes that are geographic outliers within its core markets.

The homes were sold at their effective acquisition cost basis, and the total disposition proceeds of approximately \$153 million were primarily used to repay a portion of the outstanding Silver Bay acquisition loan facility. Following the sale of the non-core home portfolio, TAH owns approximately 15,000 single-family rental homes.

Refinancing Initiatives

TAH continues to refinance the debt outstanding under the acquisition facility used to partially finance its purchase of Silver Bay. Following the acquisition, approximately \$1.2 billion was outstanding under the facility with a blended interest rate of one-month LIBOR plus 326 basis points.

To date, TAH has made significant progress in its refinancing efforts with the aim of reducing TAH's cost of capital over the long term, extending the term structure of TAH's debt, and diversifying its sources of financing. Recently completed transactions include:

- 1) On August 23, 2017, TAH completed a \$463 million single-family rental securitization transaction with a weighted average fixed interest rate of 3.50%, a five-year term to maturity, and a loan-to-value ratio of approximately 76%.
- 2) On October 6, 2017, TAH repaid all amounts outstanding under its floating-rate securitized loan entered into in 2015, resulting in approximately 3,200 homes being released from the securitization collateral pool. This will allow TAH to optimize the collateral pools for new financing vehicles (including the new term loan facility with Morgan Stanley), which are generally intended to be longer term fixed rate instruments, and to take advantage of embedded home price appreciation when refinancing these homes.
- 3) Concurrently, TAH amended and restated its existing warehouse credit facility to increase the size of facility to \$500 million in order to fund the repayment of the 2015 securitized loan. The interest rate payable under the amended and restated facility, which matures in October 2019, is unchanged at one-month LIBOR plus 300 basis points, and the remaining terms of the debt, including the debt covenants, are substantially similar.
- 4) Today, TAH also entered into a new \$347.6 million term loan facility with Morgan Stanley Asset Funding Inc., as administrative agent. The loan carries a floating interest rate of one-month LIBOR plus 200 basis points, has a five-year term to maturity, an aggregate loan-to-value ratio of 70% and is secured by mortgages on approximately 2,400 single-family rental homes. A subsidiary of Tricon American Homes LLC is the borrower under the facility, which is subject to customary financial and non-financial covenants.

The impact of these transactions on TAH's debt structure is presented in Table 1 below. TAH expects to refinance the remaining amount outstanding on the Silver Bay acquisition facility as well as a portion of the warehouse credit facility via subsequent refinancing transactions to be completed through mid-2018.

Table 1. Summary of TAH Debt Refinancing Initiatives

<i>(in millions of U.S. dollars)</i>	Interest Rate	Maturity (including Extension Options)	Outstanding Amounts	
			Q2 / 2017	Current
Silver Bay acquisition facility	LIBOR + 326 bps	May 2019	\$ 1,198	\$ 370
Warehouse credit facility	LIBOR + 300 bps	Oct 2019	74	330
2015-1 securitization	LIBOR + 196 bps	May 2020	340	-
2016-1 securitization	359 bps fixed	Nov 2021	363	363
2017-1 securitization	350 bps fixed	Aug 2022	-	463
Morgan Stanley term loan	LIBOR + 200 bps	Oct 2022	-	348
			<u>\$ 1,975</u>	<u>\$ 1,874</u>

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 \$4.6 billion (C\$5.9 billion) of assets under management as of June 30, 2017. 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 purpose-built rental apartments. 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 \$19 billion. More information about Tricon is available at www.triconcapital.com.

About Tricon American Homes

Tricon American Homes is a leading owner and operator of single-family rental homes in the United States with approximately 15,000 homes in 16 markets across nine states, predominantly located in the Sun Belt. TAH's portfolio is concentrated in neighborhoods with good school districts, strong resident demographics and proximity to major employment centers, providing families with a viable alternative to homeownership. Headquartered in Orange County, California, TAH has a team of approximately 390 employees nationwide who are focused on driving customer retention through a high-quality product offering and a focus on customer service. More information about TAH is available at www.triconamericanhomes.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 TAH's intention to enter into future refinancing transactions and the inclusion of particular property as collateral for such transactions; the resumption of TAH's growth plans; and the continuation of TAH's plans to refinance the Silver Bay homes recently acquired. Such statements 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. Such risks include the risk that future financing terms available to TAH will not be in line with the Company's current expectations, which risk may be dependent on market factors and not entirely within the Company's control. 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. 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.