

Not for distribution to U.S. Newswire services or for distribution in the United States.

NEWS RELEASE



NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

FOR IMMEDIATE RELEASE

Tricon Capital to Establish a US\$261 million Co-Investment in Tricon IX, a Tricon-Managed Distressed U.S. Land and Homebuilding Fund

- **Co-Investment in Tricon IX provides immediate exposure to high quality U.S. land and homebuilding assets purchased at significant discounts to their peak market valuations through distressed channels**
- **Co-Investment is expected to generate an IRR of 15-20% and be immediately accretive to annual earnings per share, with further upside potential from future home and land price appreciation**
- **One of Tricon IX's largest limited partners (a large U.S. pension fund) will continue to hold its 31.6% ownership interest in the Fund alongside Tricon**
- **Tricon IX's largest limited partner (another large U.S. pension fund) will invest US\$50 million in Tricon stock as partial consideration for its interest in the Fund**
- **Financing for the co-investment is secured through a bought deal offering of common shares and a revolving credit facility**

Toronto, Ontario – July 22, 2013 – Tricon Capital Group (TSX:TCN) (“Tricon” or “the Company”) today announced that it will acquire up to a 68.4% limited partnership interest in Tricon IX Limited Partnership (“Tricon IX” or the “Fund”), a dedicated U.S. residential development fund managed by the Company with total committed capital of approximately US\$333 million (the "Transaction"). The net purchase price for the Transaction will be approximately US\$261 million, and will be financed by a \$210 million bought deal offering of common shares co-led by GMP Securities L.P. and RBC Capital Markets, a US\$50 million private placement to one of Tricon IX's selling limited partners, and a new revolving credit facility.

Tricon IX's investment strategy, in conjunction with its local development partners, has been to fund the acquisition and development of financially distressed U.S. residential real estate, primarily entitled land, finished and partially-finished lots, and standing home inventory, largely through the purchase of deeply discounted bank notes, REO, bankruptcy sales and sales from other motivated buyers at significant discounts to peak pricing. Tricon IX investments have typically been financed on an “all-cash” basis with little to no debt financing on the property or development. Upon completion of the Transaction, Tricon will hold a majority interest in eight cash flowing residential development portfolios at various stages of completion located in San Francisco and the Greater East Bay area, Sacramento, Southern California, Phoenix, Atlanta, and Miami.

“This Transaction nearly doubles the size of the Company and provides it with broad exposure to the improving U.S. housing industry without requiring any operational changes. We believe the Transaction will provide us with the opportunity to capitalize on the nascent U.S. housing recovery where home prices and building activity appear to have bottomed and now seem poised for a significant improvement,” said David

Berman, Chairman and Chief Executive Officer. “The co-investment in the Fund will be complementary to Tricon’s existing investments in the U.S. single-family rental sector and its asset management business, further positioning Tricon to benefit from the continuing recovery in the U.S. housing market.”

High Quality, Cash Flowing Assets with Attractive Upside Potential

Established in 2008, Tricon IX is composed of investments in what management considers to be high quality, cash flowing land and homebuilding assets that were acquired between 2008 and 2012 at significant discounts to peak pricing and replacement cost. These financed assets are at the stage in their development where they are projected to generate material cash flows over the course of the next few years as properties are further developed and sold. Outside of a limited life fund structure where capital is fully committed, management believes Tricon will have the flexibility to make additional investments and to further develop the existing assets, thereby maximizing cash flows over the life of the various projects. As a result of its role as manager and general partner of Tricon IX, the Company is intimately familiar with the portfolio and believes that the risk profile of its co-investment in the Fund is materially lower than for a portfolio of new assets. Each investment in Tricon IX was “hand-picked” by Tricon’s development partners, with the approval of the Company, in key established markets that are expected to benefit from strong population demographics and job growth.

Enhanced Exposure to the Recovery in the U.S. Housing Market

The Transaction enhances Tricon’s exposure to the anticipated U.S. housing recovery by making a significant investment in the land and homebuilding sector which is ripe for substantial growth as the U.S. economy strengthens and new household formation takes hold. Homebuilding activity in the U.S. has improved meaningfully over the last year but is still 40-50% below its 30-year long term average of 1.5 million starts. Furthermore, the co-investment in Tricon IX is complementary to Tricon’s existing investments in the U.S. single-family rental sector and the Company’s asset management business, further positioning Tricon to benefit from the anticipated appreciation in home prices.

Immediately Accretive to Earnings per Share

Management expects the Transaction to be 15-30% accretive to earnings per share in each of the next three years. Furthermore, the Transaction is expected to generate significant cash flows shortly following the acquisition and through 2017, yielding a target gross IRR that is line with Tricon’s historical investment performance of 15-20%. These benefits are expected to be achieved without any adverse impact to pro forma leverage and capital ratios.

Significant Alignment of Interests through Ongoing Institutional and Management Support

The second largest limited partner in Tricon IX (a large U.S. pension fund) has elected to remain directly invested and will continue to hold a 31.6% ownership interest in Tricon IX (following completion of the Transaction). In addition, the largest limited partner in Tricon IX will subscribe for US\$50 million of common shares on substantially the same terms as the Offering as partial consideration for its interest in the Fund. Finally, management will also receive its entitlement to Performance Fees allocated to the Company’s LTIP as a result of the co-investment in the form of phantom units issued under the Phantom Unit Plan, thereby aligning management’s interests with those of Tricon’s shareholders.

Natural Extension of Existing Co-Investment Strategy

The Transaction is expected to enhance Tricon's investment in the U.S. residential housing sector and provide broad exposure to multiple segments of the housing industry, as well as bulk up Tricon's principal investment business. Tricon will also continue to generate management fees, general partner distributions, and performance fees as manager and general partner of Tricon VIII, Tricon IX, Tricon X, Tricon XI, Tricon XII and the Cross Creek Ranch Separate Account. Management believes that Tricon's multi-pronged exposure to the U.S. single-family rental sector as well as the land and homebuilding markets positions the Company to realize significant value as the U.S. housing market recovery continues, and land and home prices appreciate.

Since its formation in 1988, Tricon has emerged as a leader in the residential real estate development industry with a 25-year track record of consistently achieving superior investment performance. The Company has raised twelve funds and one separate account with aggregate committed equity capital of approximately \$1.6 billion, representing 153 transactions across the United States and Canada and projects valued in excess of \$11 billion. Tricon's five active funds and one separate account are expected to produce gross IRRs between 14-25%.

Transaction Mechanism

It is anticipated that the Transaction will be completed in two steps which will permit Tricon to acquire up to an aggregate 68.4% limited partnership interest in Tricon IX:

- (1) Tricon today entered into definitive purchase agreements to acquire a 63.3% limited partnership interest in Tricon IX from certain institutional limited partners of Tricon IX.
- (2) Tricon is also concurrently making an offer to purchase 100% of the limited partnership's interests in a feeder fund that holds a 5.1% limited partnership interest in Tricon IX, on substantially the same terms and conditions.

Bought Deal Equity Financing

Concurrent with the Transaction, Tricon announced that it has entered into an agreement with a syndicate of underwriters co-led by GMP Securities L.P. and RBC Capital Markets and including BMO Capital Markets, CIBC World Markets Inc., TD Securities Inc., Canaccord Genuity Corp., National Bank Financial Inc., Paradigm Capital Inc. and Raymond James Ltd. (collectively, the "Underwriters"), which have agreed to purchase, on a "bought deal" basis, 34,150,000 common shares at a price of \$6.15 per common share for gross proceeds of approximately \$210 million (the "Offering"), in addition to a US\$50 million private placement of common stock to Tricon IX's largest limited partner. The Company has also granted the Underwriters an option (the "Over-Allotment Option"), which may be exercised by the Underwriters at any time up to 30 days following the closing of the Offering, to purchase up to an additional 5,122,500 common shares to cover over-allotments, if any, and for market stabilization purposes. In the event that the Over-Allotment Option is exercised in its entirety, the aggregate gross proceeds of the Offering will be \$242 million.

The proceeds of the Offering, including any proceeds from the Over-Allotment Option, will be used to partially fund the Transaction, for other potential co-investment opportunities in land development and homebuilding projects, as well as for general corporate purposes. The Offering is expected to close on or about August 13, 2013 and is subject to certain conditions including, but not limited to, satisfaction or waiver of the conditions to closing of the Transaction (other than the closing of the Offering itself), the

receipt of all necessary approvals including the approval of the Toronto Stock Exchange and the securities regulatory authorities.

The common shares will be offered by way of a short form prospectus to be filed in all of the provinces and territories of Canada pursuant to National Instrument 44-101 *Short Form Prospectus Distributions* and in the United States on a private placement basis pursuant to available exemptions from the registration requirements of the United States Securities Act of 1933, as amended.

Expanded Debt Facilities

In conjunction with the Transaction, Tricon also announced that it agreed in principle and substantially finalized a newly-committed revolving credit facility, fully underwritten by Royal Bank of Canada and JPMorgan Chase, in the amount of US\$45 million. This facility is being established to partially fund the Transaction as well as for general corporate purposes.

Transaction Advisors

JP Morgan, RBC Capital Markets and GMP Securities L.P. acted as financial advisors to Tricon in connection with the Transaction. Goodmans LLP and Goslton & Storrs acted as Canadian and U.S. legal counsel, respectively, to Tricon. JMP Securities LLC acted as the sole financial advisor to the Limited Partners of Tricon IX.

Webcast

Management has posted an investor presentation and webcast at www.triconcapital.com (go to Investor Information) which provides an overview of the Transaction.

Adoption by Tricon of Investment Entity Accounting

Tricon has also announced that it has early adopted a new accounting policy with respect to its investments. In October 2012, the International Accounting Standards Board (IASB) issued Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (the “Amendments”) which are mandatorily applicable for financial years beginning on or after January 1, 2014; however, earlier application is permitted. The Amendments define “investment entity” and require that such entities account for investments in subsidiaries (other than those which provide investment-related services) at fair value through profit or loss (“FVTPL”), rather than by consolidating them. The Company has determined that it meets the definition of “investment entity”. As a result, the Company is adopting the Amendments effective January 1, 2013 and will account for investments in subsidiaries, other than those which provide investment-related services, at FVTPL. As a result of adopting the Amendments, the Company anticipates amending and restating (and re-filing) its unaudited interim financial statements for the three-month periods ended March 31, 2013 and March 31, 2012 prior to the date on which it files the preliminary prospectus related to the Offering.

This press release is not an offer or a solicitation of an offer of securities for sale in the United States. The common shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration.

About Tricon Capital Group Inc.

Founded in 1988, Tricon Capital Group Inc. is a North American real estate asset manager and principal investor with a primary focus on the residential sector. Tricon currently has approximately \$1 billion of third-party assets under management and a growing portfolio of investments in partnerships holding approximately a portfolio of over 2,300 U.S. single-family rental homes. Tricon provides financing to local operators or developers in select markets in the United States and Canada, with a primary focus on for-sale housing in growing markets. Since inception, Tricon has invested in approximately 150 transactions for development projects valued at more than \$11 billion. More information about Tricon is available at www.triconcapital.com.

For further information, please contact:

Gary Berman President Tel: 416-928-4122 Email: gberman@triconcapital.com	Adrian Rocca Vice President Tel: 416-928-4113 Email: arocca@triconcapital.com	June Alikhan Chief Financial Officer Tel: 416-928-4116 Email: jalikhan@triconcapital.com
--	--	---

Forward-Looking Statements

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 future plans, objectives or economic performance 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 include, but are not limited to, the risks disclosed in the Company's annual information form for the year ended December 31, 2012 dated March 23, 2013, and the risks described in the Company's continuous disclosure materials from time-to-time, as available on SEDAR at www.sedar.com. 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