

## NEWS RELEASE



FOR IMMEDIATE RELEASE

# Tricon Reports Strong Q2 2013 Driven By U.S. Distressed Single-Family Rental Strategy

**Toronto, Ontario – August 14, 2013** – Tricon Capital Group Inc. (TSX: TCN) (“Tricon” or the “Company”) today announced its results for the three months ended June 30, 2013 (“Q2 2013”). 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. The following information is presented in Canadian dollars rounded to the nearest thousand.

### Highlights:

- Q2 2013 Total Adjusted Base Revenue was \$6,013,000, up 125% from \$4,819,000 in Q2 2012, primarily due to the contributions from Tricon’s U.S. single-family rental business. Similarly, year to date (“YTD”) Adjusted Base Revenue was \$11,305,000, up 139% from \$8,118,000 from the corresponding period in 2012.
- Q2 2013 Adjusted EBITDA was \$8,399,000, up 285% from \$2,949,000 in Q2 2012, largely from positive fair value adjustments to Tricon’s portfolio of U.S single-family rental homes. Furthermore, YTD Adjusted EBITDA was \$23,406,000, a 502% increase from \$4,658,000 recorded in the first half of 2012.
- Similarly, Q2 2013 Adjusted Net Income was \$4,358,000, up 219% from \$1,994,000 in Q2 2012; YTD Adjusted Net Income was \$12,721,000, a 410% increase from \$3,103,000 recorded in the first half of 2012. As a result, Adjusted Basic Earnings per Share increased for Q2 2013 to \$0.10 from \$0.07 in Q2 2012; and YTD 2013 increased to \$0.30 from \$0.14 over the same period in 2012.
- AUM at June 30, 2013 was nearly \$1.3 billion - approximately \$179.5 million higher than March 31, 2013 and approximately \$101.8 million higher than Q2 2012.
- The Company’s U.S. single-family home rental platform generated Gross Operating Income of \$2,986,000 for Q2 2013. In addition, the Company reported a fair market value increase on its rental homes of \$5,010,000, representing an increase of 3% to 5% over the quarter for homes in each sub-market.
- As expected, the Single-Family Gross Operating Income margin improved to 60% in Q2 2013 compared to 53% for fiscal year 2012. This improvement is a result of the portfolio’s increasing occupancy rate which was 74% at quarter end. Occupancy rate for rental homes owned six months or longer was approximately 90% as of June 30, 2013, which was slightly lower than Q1 2013 as a result of the Company’s decision to renovate a meaningful number of homes in the 550 unit Charlotte Portfolio that were previously occupied at the time of acquisition in December 2012. The six month occupancy rate is over 93% if the Charlotte portfolio is excluded from the calculation, slightly up from the

91% reported in Q1 2013 for the whole portfolio. The portfolio's gross yield of 14% at quarter-end continues to exceed expectations.

- During the quarter Tricon acquired 696 homes, increasing the current housing portfolio to 2,538 homes, of which 2,456 homes are rental stock and 82 homes were inventoried for sale. Tricon sold 24 Inventory Homes in Q2 2013 earning a gross profit margin of approximately 7%, which equates to a 22% annualized return.
- Tricon is in the process of securing two large separate accounts representing approximately US\$110 million for the development of two institutional quality master-planned communities in Texas and Arizona. The Company has also obtained soft commitments for \$US125 million for Tricon XI and expects to announce a second closing for that fund in Q3 2013, thereby nearly doubling the size of the fund. These transactions will increase the Company's AUM to approximately \$1.5 billion, representing an over 37% increase in AUM since December 31, 2012.
- On August 13, 2013, the Board of Directors declared a dividend of \$0.06 cents per share to shareholders of record on September 30, 2013 payable on October 15, 2013.

“Tricon continues to have its most positive year to date, driven by our U.S. single-family rental business which recently secured a US\$150 million credit facility to expand our current portfolio of homes. This segment of our business continues to generate meaningful cash flow, outperforming our peer group on key metrics such as gross yield and occupancy rate. Furthermore, we had another significant uplift in fair market value for our rental portfolio, further demonstrating the upside that is achievable through home price appreciation,” said David Berman, Chairman and Chief Executive Officer. “We expect to announce a second closing for Tricon XI in Q3 2013, nearly doubling the size of the fund. Moreover, we are in the process of securing two separate accounts involving investments in U.S. single-family land which further demonstrates our ability to grow third party AUM. We are also very enthusiastic about closing our co-investment in Tricon IX as it provides shareholders with broad exposure to the improving U.S. housing industry and complements our U.S. single-family rental and asset management businesses. As a result, I believe Tricon is extremely well positioned to benefit from the continuing recovery in the U.S. housing market.”

### Selected Financial Summary

	<u>At June 30 2013</u>		<u>At Dec. 31 2012</u>	
Assets Under Management	\$1,294,911,000		\$1,115,433,000	
	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Adjusted Base Revenue	\$6,013,000	\$4,819,000	\$11,305,000	\$8,118,000
Net Income (Loss)	\$12,382,000	\$2,160,000	\$22,061,000	\$2,403,000
Adjusted Base EBITDA	\$8,317,000	\$2,912,000	\$23,320,000	\$4,621,000
Adjusted EBITDA	\$8,399,000	\$2,949,000	\$23,406,000	\$4,658,000
Adjusted Net Income	\$4,358,000	\$1,994,000	\$12,721,000	\$3,103,000
Basic Earnings Per Share	\$0.30	\$0.08	\$0.53	\$0.11
Adjusted Basic Earnings Per Share	\$0.10	\$0.07	\$0.30	\$0.14
Weighted Average Shares Outstanding	41,764,212	26,855,471	41,759,112	22,542,971

### **Conference Call and Webcast**

Management will host a conference call at 10 a.m. ET on August 14, 2013, to discuss the results. Please call 647-788-4901 or 1-877-201-0168. 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 on August 14, 2013 until midnight on August 19, 2013. To access the replay, call 1-800-585-8367, followed by pass code 32348141#.

### **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 final long form prospectus dated May 14, 2010, the risks disclosed in the Company's final short form prospectus dated April 24, 2012, the risks disclosed in the Company's final short form prospectus dated July 23, 2012, the risks disclosed in the Company's final short form prospectus dated November 27, 2012, the risks disclosed in the Company's final short form prospectus dated February 15, 2013, the risks disclosed in the Company's final short form prospectus dated July 26, 2013 and the risks described in the Company's continuous disclosure materials from time-to-time, as available on SEDAR at [www.sedar.com](http://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.

### **About Tricon Capital Group Inc.**

Founded in 1988, Tricon is one of North America's leading residential real estate investment companies with approximately \$1.3 billion of assets under management and a portfolio of over 2,500 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](http://www.triconcapital.com).

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