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## Tricon Capital Group Announces Strong Q3 2016 Results Driven by Investment Income Growth Across all Verticals

**Toronto, Ontario – November 9, 2016** – Tricon Capital Group Inc. (“Tricon” or the “Company”, TSX: TCN), a principal investor and asset manager focused on the residential real estate industry, today announced its consolidated financial results for the three and nine months ended September 30, 2016. All of the financial information presented in this news release is expressed in U.S. dollars unless otherwise indicated.

Key third-quarter highlights and investment activities include:

- Net income for the quarter was \$23.5 million, and basic and diluted earnings per share were \$0.21 and \$0.17, respectively;
- Assets Under Management (“AUM”) increased by 23% year-over-year to \$3.1 billion (C\$4.1 billion);
- Tricon Housing Partners (“THP”) completed an initial investment of \$74 million in Trinity Falls, an established master planned community in Dallas;
- Tricon American Homes (“TAH”) investment income increased by 37% year-over-year, driven by 29% NOI growth and meaningful home price appreciation;
- Tricon Lifestyle Communities (“TLC”) acquired its eleventh age-restricted manufactured housing community in Phoenix for \$8.8 million;
- Adjusted basic earnings per share of \$0.19 increased by 58% year-over-year, and adjusted diluted earnings per share of \$0.17 increased by 70% year-over-year, driven by meaningful growth in all investment verticals; adjusted EBITDA increased by 35% year-over-year to \$34.1 million;
- Following quarter-end, TAH completed a \$363 million securitization transaction, repatriating \$60 million of equity to Tricon. In addition, TAH substantially completed the previously-announced buyout of its minority-interest partners for \$65.7 million.

“Solid execution by our management team and strength in the U.S. housing market laid the foundation for another very good quarter, with meaningful year-over-year growth in all our housing verticals,” said Gary Berman, Tricon’s President and Chief Executive Officer. “Shareholders will also note that we have revised our MD&A format this quarter, underscoring our commitment to providing simple and transparent reporting to our investors. We believe the new MD&A will help alleviate some of the perceived complexity in our reporting and enable investors to better understand the underlying value of our company. Finally, we are pleased to report that subsequent to quarter-end we substantially completed the buyout of the minority interest in Tricon American Homes, which will further simplify our reporting and position us better for long term growth in the burgeoning single-family rental industry. Our operating partners were instrumental in helping TAH become a leader in the market and we would like to thank them for the important role they played in our success to date.”

## Updated MD&A Presentation

As previously announced, the Company has revised its disclosure and approach with respect to its use of non-GAAP financial measures and has revamped its Management's Discussion and Analysis ("MD&A") this quarter in connection with an Ontario Securities Commission continuous disclosure review. These revisions to the Company's MD&A are intended to give greater prominence to IFRS financial measures, consistent with CSA Staff Notice 52-306 (Revised) – Non-GAAP Financial Measures, and to simplify the overall presentation of financial results. The Company has worked closely with key stakeholders, including shareholders, the analyst community and the Ontario Securities Commission, in developing the new MD&A presentation framework which we believe continues to provide our investors with useful and clear insight into the Company's performance while complying with applicable regulations.

## Financial Highlights

For the periods ended September 30 (in thousands of dollars, except for per share amount)	Three months		Nine months	
	2016	2015	2016	2015
Investment income - THP	\$ 6,123	\$ 5,133	\$ 17,452	\$ 12,698
Investment income - TAH	20,653	15,022	46,642	45,000
Investment income - TLC	1,496	69	3,377	(612)
Investment income - TLR	605	1	3,312	3
Private funds & advisory revenue	6,983	7,638	18,772	18,927
Net income	23,542	33,121	51,101	29,439
Basic earnings per share	0.21	0.34	0.45	0.32
Diluted earnings per share	0.17	0.20	0.39	0.31
Dividends per share	C\$ 0.065	C\$ 0.060	C\$ 0.195	C\$ 0.180

For the periods ended September 30 (in thousands of dollars, except for per share amount)	Three months		Nine months	
	2016	2015	2016	2015
<b>Non-IFRS measures<sup>1</sup></b>				
Adjusted EBITDA	\$ 34,063	\$ 25,195	\$ 85,157	\$ 84,493
Adjusted net income	20,994	11,997	50,578	50,127
Adjusted basic earnings per share	0.19	0.12	0.45	0.54
Adjusted diluted earnings per share	0.17	0.10	0.41	0.45
Assets under management ("AUM")			\$ 3,097,149	\$ 2,523,407

(1) Non-IFRS Measures including Adjusted EBITDA, Adjusted net income, Adjusted basic and diluted earnings per share are presented to illustrate a normalized picture of the Company's performance. Refer to MD&A Sections 6 and 7 for definitions and reconciliations to IFRS measures.

For the three months ended September 30, 2016, Tricon reported net income of \$23.5 million, or \$0.21 per share (basic) and \$0.17 per share (diluted), compared to \$33.1 million, or \$0.34 (basic) and \$0.20 per share (diluted) in the third quarter of 2015. The current quarter's results include a fair value gain on derivative financial instruments of \$4.2 million related to the Company's outstanding convertible debentures (Q3 2015: \$15.8 million), as well as a foreign exchange gain of \$0.9 million (Q3 2015: \$7.5 million).

Adjusted net income, which excludes non-recurring and non-cash expenses, was \$21.0 million in the third quarter of 2016 compared to \$12.0 million in the third quarter of 2015. Adjusted basic earnings per share were \$0.19 in the third quarter of 2016, a 58% increase from the \$0.12 recorded in the prior year's period. Adjusted diluted earnings per share were \$0.17 in the third quarter of

2016, a 70% increase from the \$0.10 recorded in the prior year's period. The increase was driven by higher investment income across all investment verticals, offset to some extent by higher interest and tax expenses and a higher number of common shares outstanding as a result of the equity offering completed in the third quarter of 2015.

**Investment income – Tricon Housing Partners** for the three months ended September 30, 2016 was \$6.1 million, an increase of \$1.0 million or 19% compared to \$5.1 million in the same period last year. The increase in the quarter is mainly attributable to the contribution from new investments in Trinity Falls and THP US SP1 LP (a separate account formed in the second quarter of 2016). These increases were partially offset by lower investment income from THP1 US as distributions received in 2015 and 2016 lowered the outstanding investment balance.

**Investment income – Tricon American Homes** for the three months ended September 30, 2016 was \$20.7 million, an increase of \$5.6 million or 37% from \$15.0 million for the same period in 2015. TAH recorded a 29% increase in net operating income mainly as a result of an increase in the number of properties owned within its single-family rental portfolio, as well as a higher fair value gain driven by strong home price appreciation reflected in BPO valuations completed in the quarter. The positive results were partially offset by higher overhead and interest expense incurred from operating a larger portfolio.

**Investment Income - Tricon Lifestyle Communities** for the three months ended September 30, 2016 was \$1.5 million compared to \$0.1 million for the same period in the prior year. The increase in the quarter is primarily attributable to higher net operating income from the recent year's acquisitions of nine new communities comprising 2,138 residential pads, partially offset by an increase in interest expense from acquisition-related financing.

**Investment Income - Tricon Luxury Residences** for the three months ended September 30, 2016 was \$0.6 million compared to a nominal result in the prior year, primarily as a result of fair value gains recognized on TLR U.S. projects as development milestones were achieved and the projects were advanced.

**Private Funds and Advisory Revenue** (including contractual fees, GP distributions and performance fees) for the third quarter of 2016 decreased by 9% to \$7.0 million, compared to \$7.6 million for Q3 2015, reflecting a decrease in fee revenue from Johnson as fewer lots were sold to homebuilders, as well as lower management fees from existing private investment vehicles as projects were completed and capital was distributed. This was partially offset by an increase in fees received from new investments within TLR and THP.

### **Buyout of Minority Interest in TAH**

Between October 31 and November 7, 2016, TAH completed the acquisition of over 90% of the minority interest in its real estate holdings and property management entity. The total purchase price of \$65.7 million is payable in cash, with approximately 34% having been paid at closing and the remainder payable in stages over the 12 months following closing.

TAH continues to negotiate the purchase of the remaining minority interests from two local operating partners, though there can be no assurance that any further acquisitions will be completed.

## **New Director Appointment**

Tricon is also very pleased to announce the appointment of Ira Gluskin to its board of directors as its eighth member.

Mr. Gluskin, a well-known industry commentator, is the co-founder and an honorary lifetime Director of Gluskin Sheff + Associates Inc., one of Canada's pre-eminent wealth management firms. He served as the firm's President & Chief Investment Officer through December 31, 2009, and as a Director and the firm's Vice-Chairman through December 18, 2013. He is a member of the Advisory Board of Vision Capital Corporation, the University of Toronto's Real Estate Advisory Committee, the University of Toronto's Boundless Campaign Executive Committee, the Sinai Health System's Board of Directors and Investment Committee, and the Toronto Symphony Foundation. Mr. Gluskin is also the former Chair of the Investment Advisory Committee for the Jewish Foundation of Greater Toronto and is currently a member of its Investment Committee.

David Berman, Tricon's Executive Chairman, said of the appointment, "We are very pleased to welcome Ira to our board. His experience, expertise and acumen are well-known throughout the industry and we are looking forward to the very meaningful contribution he will make."

## **Quarterly Dividend**

The Company announced a dividend of six and one half cents per share in Canadian dollars payable on January 13, 2017, to shareholders of record on December 31, 2016.

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 3% 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](http://www.triconcapital.com).

## **Conference Call and Webcast**

Management will host a conference call at 10 a.m. ET on November 10, 2016 to discuss the Company's results. Please call 1-647-423-2311 or 1-866-521-4909 (conference ID: 93844038). The conference call will also be accessible via webcast, and a supplementary conference call presentation will be provided at [www.triconcapital.com](http://www.triconcapital.com) (Investor Information – Events). A replay of the conference call will be available from 1 p.m. ET on November 10, 2016 until midnight ET on November 17, 2016. To access the replay, call 1-855-859-2056 or 404-537-3406 and use pass code 93844038.

The Company's Financial Statements and Management's Discussion and Analysis for the three and nine months ended September 30, 2016 are available on Tricon's website at [www.triconcapital.com](http://www.triconcapital.com) and have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)). The financial information therein 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 \$3.1 billion (C\$4.1 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 \$18 billion. More information about Tricon is available at [www.triconcapital.com](http://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](http://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.*

*The Company has included herein certain supplemental measures of key performance, including, but not limited to, Adjusted EBITDA, adjusted net income and adjusted earnings per share ("EPS") as well as certain key indicators of the performance of our investees. We utilize these measures in managing our business, including performance measurement and capital allocation, and believe 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. Since 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 periods ending September 30, 2016.*