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## **Tricon Capital Group Announces Q2 2017 Results Strong Operational Performance Across all Business Verticals, Silver Bay Integration on Track**

**Toronto, Ontario – August 9, 2017** – Tricon Capital Group Inc. (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 six months ended June 30, 2017. All of the financial information presented in this news release is expressed in U.S. dollars unless otherwise indicated.

Key operational and investment highlights for Q2 2017 include:

- Assets under management (“AUM”) increased by 54% year-over-year to \$4.6 billion (C\$5.9 billion) following the acquisition of Silver Bay Realty Trust Corp. (“Silver Bay”);
- Tricon Housing Partners (“THP”) investment income increased by 33% to \$6.6 million year-over-year, reflecting strong performance from various investment vehicles;
- Tricon American Homes (“TAH”) reported \$27.6 million of net operating income (“NOI”), a 98% year-over-year increase, driven by the completion of the Silver Bay acquisition and strong operational performance, including 96.9% occupancy, 4.9% blended rent growth and a 60.8% NOI margin;
- TAH also reported strong same home portfolio NOI growth of 9.3% year-over-year driven by occupancy of 97.5%, year-over-year blended rent growth of 5.0% and NOI margin of 61.5%;
- Tricon Lifestyle Communities (“TLC”) achieved a 65% increase in NOI and a 107% increase in Core FFO year-over-year;
- Adjusted EBITDA increased by 96% year-over-year to \$47.6 million; and
- Adjusted basic and diluted earnings per share of \$0.17 increased by 42% from \$0.12 in the prior-year period.

“The second quarter was a period of remarkable growth for Tricon, with adjusted EBITDA almost doubling from the prior year as we completed the transformational acquisition of Silver Bay,” said Gary Berman, President and CEO of Tricon Capital. “Our results this quarter also reflect our ability to smoothly integrate Silver Bay’s complementary single-family rental portfolio, with TAH reporting a healthy NOI margin of 60.8% and acquisition synergies running ahead of schedule at both the local property level and at head office operations. In addition, our THP, TLR and TLC investment verticals registered meaningful year-over-year growth in investment income as they continued to execute on their business plans in the context of a healthy U.S. and Canadian economic backdrop. We are still in the early innings of Tricon’s housing-centric growth strategy, and our team’s dedication to growth, as well as strong operational execution, should serve investors well as we move forward.”

## Financial Highlights

For the periods ended June 30 (in thousands of U.S. dollars, except per share amounts)	Three months		Six months	
	2017	2016	2017	2016
Investment income - THP	\$ 6,568	\$ 4,928	\$ 12,236	\$ 11,329
Investment income (loss) - TAH	(1,954)	13,079	10,315	25,989
Investment income - TLC	1,613	1,399	3,932	1,881
Investment income - TLR	2,847	788	4,778	2,707
Private Funds and Advisory revenue	6,359	6,016	12,103	11,789
Net income (loss)	(21,643)	14,322	(13,888)	27,179
Basic earnings (loss) per share	(0.17)	0.13	(0.12)	0.25
Diluted earnings (loss) per share	(0.17)	0.11	(0.11)	0.22
Dividends per share	C\$ 0.065	C\$ 0.065	C\$ 0.13	C\$ 0.13

For the periods ended June 30 (in thousands of U.S. dollars, except per share amounts)	Three months		Six months	
	2017	2016	2017	2016
<b>Non-IFRS measures</b>				
Adjusted EBITDA	\$ 47,583	\$ 24,294	\$ 76,959	\$ 51,094
Adjusted net income	21,830	13,771	37,230	29,584
Adjusted basic earnings per share	0.17	0.12	0.31	0.26
Adjusted diluted earnings per share	0.17	0.12	0.30	0.25
Assets under management (AUM)			\$ 4,556,263	\$ 2,966,856

Tricon reported a net loss of \$21.6 million, or (\$0.17) per basic and diluted share, in Q2 2017 compared to net income of \$14.3 million, or \$0.13 per basic share and \$0.11 per diluted share, in Q2 2016. The net loss for the quarter was the result of (i) non-recurring transaction costs of \$28.7 million incurred at TAH in connection with the acquisition of Silver Bay; and (ii) a fair value loss on derivatives of \$19.2 million related to a change in the fair value of the conversion feature embedded in the outstanding convertible debentures, as Tricon's share price increased materially during the quarter.

Adjusted net income increased by 58% for Q2 2017 to \$21.8 million compared to \$13.8 million in Q2 2016. Adjusted basic and diluted earnings per share increased by 42% to \$0.17 compared to \$0.12 in Q2 2016. The increase in adjusted net income is a result of higher adjusted EBITDA across all investment verticals, offset by higher adjusted interest expense from incremental debt at TAH as a result of the Silver Bay acquisition, and higher compensation expense due to increased staffing levels to support the Company's ongoing growth.

### Investment income – Tricon Housing Partners

For Q2 2017, investment income from THP was \$6.6 million, an increase of \$1.6 million compared to \$4.9 million in Q2 2016. The increase was driven by the contribution of new investments in Trinity Falls, THP US SP1 and THP US SP2 completed in the past year, and strong performance in commingled funds THP2 US and THP3 Canada. These gains were partially offset by a lower contribution from THP1 US as investments matured and capital was returned.

### Investment income – Tricon American Homes

Including non-recurring transaction costs of \$28.7 million, TAH reported an investment loss of \$2.0 million. TAH recorded NOI of \$27.6 million, an increase of 98%, driven by the acquisition of 9,054 homes from Silver Bay and disciplined expense management for repairs, maintenance and turnover activities. The NOI margin for the combined portfolio was 60.8% (with Silver Bay homes at 60.7% from May 9 to June 30, 2017). Core FFO of \$7.2 million for Q2 2017 was 6.6% lower than the prior year as a result of increased staffing and overhead expenses leading up to the Silver Bay acquisition and throughout the integration process, as well as by higher interest expense that resulted from increased debt levels. The Q2 2017 results also included a

fair value gain of \$19.8 million (compared to \$6.9 million in Q2 2016), reflecting home price appreciation of 1.2% in Q2 2017 (4.8% annualized). Homes acquired through the Silver Bay acquisition were held at cost given the close proximity of the transaction date and valuation date.

On a same home basis, NOI increased by 9.3% from Q2 2016 as a result of blended-rate rent growth of 5.0% and an occupancy increase to 97.5% from 95.2%. The same home NOI margin increased to 61.5% from 60.6% in Q2 2016.

Subsequent to quarter-end, TAH launched the offering of its third securitization transaction. The transaction involves the issuance and sale of single-family rental pass-through certificates representing beneficial ownership interests in a loan secured by a portion of TAH's portfolio of single-family rental properties and is intended to: (i) refinance a portion of the debt incurred in connection with TAH's recent acquisition of Silver Bay (ii) reduce TAH's cost of capital over the long term, and (iii) extend the term structure of TAH's debt.

### **Investment Income – Tricon Lifestyle Communities**

For Q2 2017, investment income from TLC was \$1.6 million, an increase of \$0.2 million compared to \$1.4 million in Q2 2016. NOI increased by 65% to \$1.9 million, as the portfolio has expanded to 14 properties compared to ten properties in Q2 2016. The increase in NOI was partially offset by higher interest expense from the incremental financing associated with the property acquisitions. Core FFO for TLC was \$0.8 million, a 107% increase over the prior-year period. During Q1 2017, Tricon announced its intention to exit the TLC vertical as part of its business simplification strategy following completion of the capital enhancement programs at its communities. TLC has seen a significant level of buyer interest and expects to conduct an orderly sales process over the coming quarters.

### **Investment Income – Tricon Luxury Residences**

For Q2 2017, investment income from TLR was \$2.8 million, which was \$2.1 million higher than Q2 2016. The investment income for Q2 2017 is mainly attributable to fair value gains recognized in the U.S. portfolio as the two projects currently under construction progressed toward completion. As well, foreign exchange gains in TLR Canada were recognized due to the strengthening Canadian dollar. In Q1 2017, Tricon announced its intention to exit the TLR U.S. vertical as part of its business simplification strategy, and it intends to sell its interest in the two U.S. projects held on the balance sheet once they are completed and stabilized in the next 12 to 24 months.

### **Private Funds and Advisory**

Revenue from Private Funds and Advisory (including contractual fees, general partner distributions and performance fees) for Q2 2017 was \$6.4 million, slightly higher than the \$6.0 million generated in Q2 2016. Management fees increased by \$0.3 million as a result of incremental fee revenue from new investments in separate accounts. This was partly offset by marginally lower fee revenue from The Johnson Companies as the sales mix shifted toward smaller lots intended for entry-level homes, which in turn generated lower fees. This product mix change has occurred in response to decreased home price affordability for millennials, and resulted in a 25% year-over-year increase in the number of lots sold and a 21% year-over-year increase in home sales at Johnson communities during the quarter.

### **Quarterly Dividend**

The Company announced a dividend of six and one half cents per share in Canadian dollars payable on or after October 15, 2017 to shareholders of record on September 30, 2017.

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 Thursday, August 10, 2017 to discuss the Company's results. Please call (647) 427-2311 or (866) 521-4909 (conference ID # 50682064). 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 August 10, 2017 until midnight ET on August 17, 2017. To access the replay, call 1 (800) 585-8367 or (416) 621-4642 and use pass code 50682064.

The Company's Financial Statements and Management's Discussion and Analysis for the three and six months ended June 30, 2017 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 \$4.6 billion (C\$5.9 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 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](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. 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 six months ended June 30, 2017.*