



Strong Operational Performance Drives Q1 2018 Results for Tricon Capital Group

Toronto, Ontario - May 9, 2018 - Tricon Capital Group Inc. (TSX: TCN) ("Tricon" or the "Company"), a principal investor and asset manager focused on the residential real estate industry, announced today its consolidated financial results for the three months ended March 31, 2018. All of the financial information presented in this news release is expressed in U.S. dollars unless otherwise indicated.

Key operational and financial highlights for Q1 2018 include:

- Net income of \$99.5 million, basic earnings per share of \$0.74 and diluted earnings per share of \$0.46, representing a substantial increase from \$7.8 million, \$0.07 and \$0.07 in the prior year, respectively;
- Assets under management ("AUM") increased by 57% year-over-year to \$4.8 billion (C\$6.1 billion);
- Tricon American Homes ("TAH") reported investment income of \$86.4 million, including \$35.6 million of net operating income ("NOI") and \$76.1 million of fair value gains;
- TAH's NOI increased by 117% year-over-year, and Core FFO increased by 124% year-over-year to \$12.7 million, driven by homes acquired through its acquisition of Silver Bay Realty Trust Corp. ("Silver Bay") in May 2017 as well as improved operating performance, including 96.9% stabilized occupancy, 5.0% blended rent growth and a 62.8% NOI margin;
- TAH also reported same home portfolio NOI growth of 5.9% year-over-year and a same home NOI margin of 62.2%; and
- Adjusted EBITDA increased by 293% year-over-year to a record \$115.3 million; Adjusted basic earnings per share increased 307% to \$0.57 and Adjusted diluted earnings per share increased 277% to \$0.49 compared to the same period in the prior year;

"Our quest for scale, simplification and predictable cash flows was showcased with the release of strong quarterly results and very exciting recent announcements," said Gary Berman, Tricon's President and CEO. "First, our Tricon American Homes single-family rental business, which now accounts for 60% of our AUM, continued to generate substantial net operating income with ongoing improvement in NOI margin and same home results, while at the same time refinancing a large portion of its debt with longer-term fixed-rate instruments; second, we entered into an agreement to sell our Tricon Lifestyle Communities portfolio of manufactured housing communities, enabling us to further reduce our overall debt levels while simplifying our business; third, we announced a new partnership to develop Toronto's West Don Lands, which sets Tricon Lifestyle Rentals on a path to scale and leadership in the burgeoning Class A multi-family industry in Canada; and lastly, we took important steps to overhaul our compensation plan, which we believe adds another element of simplification to our story and improves alignment with our shareholders. These are but a few of the accomplishments of our team so far this year, which give us tremendous momentum and confidence in our business plans as we strive to make 2018 another great year for Tricon and its shareholders."

Financial Highlights

For the three months ended March 31

(in thousands of U.S. dollars, except per share amounts)	2018		2017	
Investment income - Tricon Housing Partners	\$	2,885	\$	5,668
Investment income - Tricon American Homes		86,442		12,269
Investment income - Tricon Lifestyle Rentals		1,017		1,931
Investment income from discontinued operations - Tricon Lifestyle Communities		1,568		2,319
Private Funds and Advisory revenue		5,567		5,744
Net income		99,469		7,755
Basic earnings per share		0.74		0.07
Diluted earnings per share		0.46		0.07
Dividends per share	C\$	0.07	C\$	0.065
Non-IFRS measures				
Adjusted EBITDA	\$	115,309	\$	29,376
Adjusted net income		76,376		15,400
Adjusted basic earnings per share		0.57		0.14
Adjusted diluted earnings per share		0.49		0.13
Assets under management (AUM)	\$	4,757,399	\$	3,034,115

Net income for the first quarter of 2018 was \$99.5 million compared to net income of \$7.8 million in Q1 2017. Net income per basic and diluted share was \$0.74 and \$0.46, respectively, compared to \$0.07 per basic and diluted share in Q1 2017. Net income for the quarter included: (i) a fair value gain on derivative financial instruments of \$29.3 million in relation to the Company's two outstanding convertible debentures compared to a loss of \$4.2 million in Q1 2017, as Tricon's share price decreased during the quarter; (ii) interest expense of \$8.0 million compared to \$3.3 million in Q1 2017, resulting from the convertible debentures issued in March 2017 and a higher outstanding credit facility balance; and (iii) income tax expense of \$7.6 million compared to \$2.6 million in Q1 2017 as a result of higher investment income from TAH. Net income per basic and diluted share in the first quarter also reflects a higher number of shares outstanding as a result of the equity financing completed in conjunction with the Silver Bay acquisition in Q2 2017.

Adjusted net income for the first quarter of 2018 was \$76.4 million compared to \$15.4 million in Q1 2017. Adjusted basic and diluted earnings per share were \$0.57 and \$0.49, respectively, compared to \$0.14 and \$0.13 in Q1 2017. The increase in Adjusted net income on an absolute and per-share basis is attributable to strong fair value gains and operational results at TAH, partially offset by lower investment income at THP, as well as higher interest expense and income tax expense.

Investment income - Tricon Housing Partners

Investment income from THP was \$2.9 million for the quarter compared to \$5.7 million in Q1 2017. The decrease was attributable to lower investment balances following cash distributions from maturing projects, as well as lower investment income from THP1 US as a result of an unfavourable budget revision at its active-adult project in Atlanta, Georgia. As noted in the previous quarter,

preferences for active-adult housing are changing and the project in Atlanta is seeing a similar trend of demand shifting towards smaller, lower-margin homes instead of larger, higher-margin homes. This shift in demand is exacerbated by market-wide construction cost increases as a result of material price pressures, intensified labour constraints and a lengthening development cycle which are extending project cash flows and in some cases reducing overall profitability. Accordingly, the Atlanta project's budget was adjusted to reflect lower and delayed expected cash flows, which negatively impacted its fair value.

Investment income - Tricon American Homes

Investment income from TAH was \$86.4 million for the quarter compared to \$12.3 million in Q1 2017. The increase was driven by: (i) fair value gains of \$76.1 million compared to \$9.9 million in the prior year period as a result of BPOs performed on 2,674 homes and home price appreciation of 1.5% (6.0% annualized) applicable to a larger portfolio given the inclusion of Silver Bay homes; and (ii) NOI of \$35.6 million compared to \$16.4 million in Q1 2017, mainly attributable to additional revenue earned from the Silver Bay homes acquired in Q2 2017, as well as strong average blended rent growth of 5.0% and a higher NOI margin as discussed below. These positive factors were partly offset by higher interest expense of \$18.5 million during the quarter compared to \$6.8 million in Q1 2017 as a result of a higher outstanding debt balance used to finance the Silver Bay acquisition.

The NOI margin for the total portfolio in the quarter was 62.8% compared to 61.6% in Q1 2017. Core FFO was \$12.7 million for Q1 2018 compared to \$5.7 million in Q1 2017. This favourable variance was driven by a larger portfolio of homes and concurrent growth in NOI, partially offset by higher interest expense as discussed above. On a same home basis, NOI increased by 5.9% from Q1 2017 as a result of blended rent growth of 4.4% and lower expenses attributable to ongoing initiatives related to internalization of maintenance. Same home NOI margin also increased to 62.2% in Q1 2018 from 61.0% in Q1 2017.

Investment income - Tricon Lifestyle Rentals (formerly Tricon Luxury Residences)

Investment income from TLR was \$1.0 million for the quarter compared to \$1.9 million in Q1 2017, driven by fair value gains of \$2.1 million, partly offset by \$1.0 million of unfavourable currency translation adjustment due to the weakening Canadian dollar. The fair value gains were attributable to the achievement of development milestones across TLR U.S. projects.

In Q1 2017, Tricon announced its intention to exit the TLR U.S. vertical as part of its business simplification strategy, and intends to sell its interest in the two U.S. projects held as principal investments once they are completed and stabilized in the next 9 to 15 months. TLR will remain focused solely on growing its Canadian business.

Investment income from discontinued operations - Tricon Lifestyle Communities

Investment income from discontinued operations from TLC was \$1.6 million compared to \$2.3 million in Q1 2017, and included NOI of \$2.4 million, partially offset by interest expense of \$0.8 million. The overall decrease in investment income was a result of an incremental \$7.1 million of other expenses, driven by higher transaction costs related to the sale of the vertical, as well as vertical-level income tax expense. This was offset by an increase in fair value gain of \$6.1 million as a result of rental rate increases and occupancy improvements following successful capital enhancement programs at the existing communities.

Private Funds and Advisory

Revenue from Private Funds and Advisory (including contractual fees, general partner distributions and performance fees) for the quarter was \$5.6 million compared to \$5.7 million in Q1 2017. The

nominal decrease was mainly driven by a reduction in Johnson's commercial land sales compared to the same period in the prior year, partially offset by increases in separate account management fees and TLR project development fees.

Quarterly Dividend, Normal Course Issuer Bid and Subsequent Events

The Company announced a dividend of seven cents per share in Canadian dollars payable on or after July 15, 2018 to shareholders of record on June 30, 2018.

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.

On October 4, 2017, the Company announced that the Toronto Stock Exchange had approved its notice of intention to make a normal course issuer bid to repurchase up to 2,700,000 of its common shares during the twelve-month period commencing October 6, 2017. In the first quarter of 2018, the Company repurchased 431,931 of its common shares for C\$4.6 million.

On April 9, 2018, the Company announced that TLC entered into an agreement to sell its portfolio of 14 manufactured housing communities to an institutional investor. The sale is expected to be completed in the third quarter of 2018, subject to customary closing conditions including lender consents. Additional details of the transaction will be disclosed upon its closing.

On April 18, 2018, the Company announced that TAH has completed its previously-announced single-family rental securitization transaction. TAH received net proceeds from the sale of six classes of fixed-rate certificates that represent beneficial ownership interests in a loan secured by 2,509 of TAH's single-family rental properties. The certificates have a face amount of \$314 million, a weighted average coupon of approximately 3.86% and a term to maturity of seven years. The transaction proceeds represent approximately 61% of the value of the securitized portfolio and approximately 81% of its all-in cost. TAH used the net transaction proceeds to refinance substantially all of the remaining outstanding balance on the \$1.2 billion loan facility used to finance its acquisition of Silver Bay in May 2017.

On April 27, 2018, TLR Canada announced its participation in a partnership (the "Partnership") to develop and manage a new rental apartment community in Toronto's West Don Lands. The Partnership, which includes Tricon, Dream Unlimited Corp. and Kilmer Group on an equal ownership basis, has been selected to enter into 99-year land leases for land parcels that will be developed into approximately 1,500 rental units as well as ancillary retail and potential office space.

On May 7, 2018, Tricon announced a complete redesign of its compensation plan beginning in 2018 to better align executive compensation with its current business plan and shareholders' long-term interests.

Conference Call and Webcast

Management will host a conference call at 10 a.m. ET on Thursday, May 10, 2018 to discuss the Company's results. Please call 647-427-2311 or 1-866-521-4909 (Conference ID # 9696477). The conference call will also be accessible via webcast, and a supplementary conference call

presentation will be provided at www.triconcapital.com (Investor Information - Events). A replay of the conference call will be available from 1 p.m. ET on May 10, 2018 until midnight ET on May 17, 2018. To access the replay, call 1-800-585-8367 or 416-621-4642, followed by passcode 9696477.

The Company's Financial Statements and Management's Discussion and Analysis for the three months ended March 31, 2018 are available on Tricon's website at www.triconcapital.com and have been filed on SEDAR (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 \$4.8 billion (C\$6.1 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, purpose-built rental apartments and manufactured housing communities. 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.

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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. Accordingly, although the Company believes that its 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 its investees. The Company utilizes these measures in managing its business, including performance measurement and capital allocation, and believes 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 months ended March 31, 2018, which is available on SEDAR at www.sedar.com.