



HOME CAPITAL GROUP INC.

145 KING STREET WEST, SUITE 2300
TORONTO ONTARIO M5H 1J8
TELEPHONE: (416) 360-4663
TOLL FREE: 1 (800) 990-7881
FACSIMILE: (416) 363-7611
TOLL FREE: 1 (888) 470-2092
WEBSITE: www.homecapital.com

NEWS RELEASE

Home Capital Announces Agreement with KingSett Capital To Sell Commercial Mortgage Assets Valued at Approximately \$1.2 Billion

- *Transaction helps stabilize Home Capital's liquidity position; highlights the quality of the Company's assets*
- *Proceeds expected to enhance liquidity and reduce the amount drawn under the Company's \$2 billion credit facility*

For Immediate Release

TORONTO – June 20, 2017 – Home Capital Group Inc. (“Home Capital” or, the “Company”) (TSX:HCG) is pleased to announce that its subsidiary, Home Trust Company, has entered into a definitive agreement (the “Agreement”) with KingSett Capital (“KingSett”) on behalf of KingSett Real Estate Mortgage LP No. 3 and KingSett High Yield Fund to sell a portfolio of commercial mortgage assets (the “Portfolio”) valued at approximately \$1.2 billion. This announcement is in keeping with the Company's previous disclosure that it was pursuing financing and strategic options.

“This transaction will help the Company further stabilize its liquidity position and highlights the flexibility and options created by the quality of our assets”, said Bonita Then, Interim President and CEO. “Proceeds from the transaction are expected to have an immediate impact by enabling us to enhance our liquidity and reduce the outstanding debt under the Company's \$2 billion credit facility.”

Highlights of the Transaction

- Under the terms of the Agreement, KingSett will purchase the Portfolio for 99.61% of outstanding principal value, less a share of future credit losses.
- The initial gross proceeds to the Company will be 97% of the outstanding principal value of the mortgages. The balance of the purchase price will be subject to credit losses in the Portfolio.
- Based on the Company's expectations with respect to credit performance and after allowing for transaction costs and the write-off of deferred origination costs related to the Portfolio, the Company expects to record a loss on the transaction of approximately \$15 million, before income taxes.
- The transaction is expected to close in two tranches during the Company's third quarter 2017. The ultimate sale price amount and loss on the transaction will depend on regular principal changes on the underlying loans and the credit performance of the Portfolio.
- Net cash proceeds to the Company in the third quarter of 2017 are expected to be approximately \$1.16 billion.
- On each closing, the Company will provide an update on the repayment of the outstanding debt under the Company's \$2 billion credit facility.
- The transaction is subject to certain customary closing conditions.

BMO Capital Markets and RBC Capital Markets acted as financial advisors to Home Capital in connection with the transaction.

About KingSett Capital

KingSett Capital is Canada's leading private equity real estate investment business, co-investing with institutional and high net worth individuals, using active management to deliver premium risk weighted returns. KingSett invests through its Growth, Income and Mortgage funds and owns interests in assets worth over \$10 billion.

About Home Capital Group Inc.

Home Capital Group Inc. is a public company, traded on the Toronto Stock Exchange (HCG), operating through its principal subsidiary, Home Trust Company. Home Trust is a federally regulated trust company offering residential and non-residential mortgage lending, securitization of insured residential mortgage products, consumer lending and credit card services. In addition, Home Trust offers deposits via brokers and financial planners, and through its direct to consumer deposit brand, Oaken Financial. Home Trust also conducts business through its wholly owned subsidiary, Home Bank. Licensed to conduct business across Canada, Home Trust has offices in Ontario, Alberta, British Columbia, Nova Scotia, Quebec and Manitoba.

Caution Regarding Forward-looking Statements

This press release contains forward-looking information within the meaning of applicable Canadian securities legislation. Please refer to the Home Capital's 2016 Annual Report, available on Home Capital's website at www.homecapital.com, and on the Canadian Securities Administrators' website at www.sedar.com, for Home Capital's Caution Regarding Forward-looking Statements.

-30-

FOR FURTHER INFORMATION:

Investors:

Laura Lepore

Assistant Vice President, Investor Relations (416) 933-5652 laura.lepore@hometruster.ca

Media:

Boyd Erman

Longview Communications Inc. (416) 649-8007 berman@longviewcomms.ca

or

Peter Block

Longview Communications Inc. (416) 649-8008 pblock@longviewcomms.ca