Gluskin Sheff

GLUSKIN SHEFF + ASSOCIATES INC. ANNOUNCES FOURTH QUARTER FISCAL 2017 RESULTS AND THE APPOINTMENT OF JEFF MOODY AS CHIEF EXECUTIVE OFFICER

September 19, 2017

TORONTO, ONTARIO

Gluskin Sheff + Associates Inc. (the "Company") announced today its results for the three months and year ended June 30, 2017.

Financial Highlights:

($000s except for AUM and per share amounts)	3 Months Ended Jun 30, 2017	3 Months Ended Jun 30, 2016	Year Ended Jun 30, 2017	Year Ended Jun 30, 2016
Assets Under Management ($ in millions)	$ 8,886	$ 8,298	$ 8,886	$ 8,298
Revenue:				
Base Management Fees	$ 27,058	$ 25,880	$ 106,552	$ 105,312
Performance Fees	3,922	1,048	43,210	34,086
Investment & Other Income	590	500	2,277	2,739
Total Revenue	$ 31,570	$ 27,428	$ 152,039	$ 142,137
Net Income attributable to shareholders	$ 5,807	$ 3,320	$ 43,176	$ 34,306
Amortization of Restricted Share Units (RSUs)	2,203	3,738	9,460	15,380
Other amortization	1,475	2,130	5,972	7,510
RSU portion of current period's Base bonus	(1,907)	(578)	(4,264)	(2,938)
Special RSUs	-	-	(581)	(863)
Stock options	37	2	146	15
Founders' related obligations	2,943	574	3,225	867
Performance fees net of related cash bonus	(3,238)	(395)	(30,159)	(23,244)
Provision for income taxes	2,082	1,429	16,495	14,915
Base EBITDA	$ 9,402	$ 10,220	$ 43,470	$ 45,948
Basic Earnings per Share	$ 0.19	$ 0.11	$ 1.44	$ 1.15
Diluted Earnings per Share	$ 0.19	$ 0.11	$ 1.38	$ 1.10

The Company's revenues are derived from Base Management Fees, calculated as a percentage of Assets Under Management ("AUM"), Performance Fees, which are earned when the Company exceeds pre-specified rates of return, and Other Income.

During the quarter, AUM was essentially flat at $8.9 billion as at June 30, 2017, from March 31, 2017, as positive net investment performance of $94 million was partially offset by new withdrawals of $81

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million. High net worth clients had net withdrawals of $63 million while institutional clients had net withdrawals of $18 million. Year-over-year AUM increased by $588 million due to positive net investment performance of $824 million, partially offset by net withdrawals of $236 million. Net withdrawals of $263 million from high net worth clients were partially offset by net additions of $27 million from institutional clients. Approximately 86% of the June 30, 2017, AUM comprises high net worth individuals, compared with 87% as at June 30, 2016.

Base Management Fees for the three months ended June 30, 2017, increased year-over-year to $27.1 million from $25.9 million as an increase in Average AUM for the quarter to $8.9 billion from $8.3 billion for the same quarter last year, was partially offset by a decrease in the average Base Management Fee Percentage to 1.21% from 1.26% for the same period last year. Base Management Fees for the year ended June 30, 2017, increased to $106.6 million from $105.3 million in the year ago period with an increase in Average AUM to $8.7 billion from $8.3 billion for the same period last year, partially offset by a decrease in average Base Management Fee Percentage to 1.22% from 1.27% for the same period last year.

Performance Fees for the three months ended June 30, 2017, were $3.9 million, compared to $1.0 million for the three months ended June 30, 2016. Performance Fees for the year ended June 30, 2017, were $43.2 million, compared to $34.1 million for the year ended June 30, 2016.

Total expenses increased by $1.0 million from the year-ago quarter. Professional fees related to the Founders' arbitration increased by $1.3 million to $1.5 million from $0.2 million. As a result of the arbitration decision, the Founders' related obligations expense increased by $2.3 million to $2.9 million. Accrued cash bonus expense increased by $1.2 million, primarily due to the cash portion of a one-time addition of $2.0 million to the bonus pool to reflect the efforts of management in respect of the arbitration. Higher system consulting and investment research expenses also contributed to the overall increase in total expenses. Partially offsetting these increases were lower restricted share unit amortization of $1.5 million, the absence of the $1.5 million retirement payment made to the Company's former CEO, in the same period last year, lower severances of $0.7 million, $0.6 million in partial recoveries of a charge recognized in the second quarter of fiscal 2016, relating to the tax treatment of certain transactions in two pooled funds, and lower derecognition of acquired intangibles. Total expenses for the year ended June 30, 2017, decreased $0.5 million from the year-ago period and is primarily due to the absence of a charge of $3.6 million recognized in the second quarter of fiscal 2016, and partial recoveries of $1.7 million in fiscal 2017, relating to the tax treatment of certain transactions in two pooled funds, lower restricted share unit amortization of $5.8 million, and a decrease in amortization of acquired intangibles of $1.4 million. These decreases were partially offset by higher cash bonus expense of $4.4 million, an increase of $3.3 million in legal fees related to the Founders' arbitration to $4.6 million from $1.3 million, a $2.4 million increase to $3.2 million in the Founders' related obligations in respect of the arbitration decision, and increases in client wealth management travel and promotion expenses of $0.8 million.

Net income for the three months ended June 30, 2017, was $5.8 million, and represented earnings per share, basic and diluted, of $0.19. Net income for the three months ended June 30, 2016, was $3.3 million, and represented basic and diluted earnings per share of $0.11. The increase in net income was due primarily to an increase in total revenues of $4.1 million, partially offset by an increase in total expenses of $1.0 million. Net income for the year ended June 30, 2017, was $43.2 million, and represented earnings per share, basic and diluted of $1.44 and $1.38, respectively. Net income for the year ended June 30, 2016, was $34.3 million, and represented basic and diluted earnings per share of $1.15 and $1.10 respectively. The increase in net income was due primarily to an increase in total revenues of $9.9 million and a decrease in total expenses of $0.5 million.

Base EBITDA eliminates the effect of Performance Fees, Performance Fee related expenses, founders' related obligations, stock option expense and amortization of RSU awards, and deducts the dollar value of the base bonus RSUs to be awarded in respect of the current period and special RSUs awarded in the period. Base EBITDA was $9.4 million for the three months ended June 30, 2017, compared with $10.2 million in the year ago quarter as higher Base Management Fees were more than offset by higher expenses as described above. Base EBITDA was $43.5 million for the year ended June 30, 2017, compared with $45.9 million in the year ago period as higher Base Management Fees were more than offset by lower other income, higher base bonus expense and adjustments to reflect the arbitration decision.

The Company also announced today that Tom MacMillan has decided to step down as President & Chief Executive Officer effective immediately. Mr. MacMillan also stepped down as director of the Company.

The Board of Directors wishes to express its sincere gratitude to Mr. MacMillan for his stewardship of the Company for the past year. "We are very grateful to Tom for his leadership and professionalism during his tenure as CEO, and in particular his efforts in achieving a successful outcome in the dispute with our co-founders. We thank Tom for his service and wish him all the best", said Nancy Lockhart, Lead Director of the Company.

The Company is pleased to announce that it has appointed Jeff Moody as President & Chief Executive Officer, effective immediately. Mr. Moody has been with the Company in various leadership roles since 2001, most recently as Senior Executive Vice-President, Investments & Client Wealth Management and Chair of the Asset Mix Committee. Mr. Moody was also appointed to the Board of Directors.

Mr. Moody said, "I am honoured to lead Gluskin Sheff during this exciting time. The favourable arbitration ruling from the dispute with our co-founders and solid results of the past year have us well positioned for continued success. I am energized about working with our excellent team and look forward to working on behalf of our clients to deliver strong returns and an exceptional client experience and our shareholders to enhance value. I want to express my sincere gratitude to Tom for his mentorship and leadership through a challenging period in the Company's history."

"The Board of Directors is very confident in Jeff's leadership capabilities given his long history and strong performance with the Firm", said Nancy Lockhart.

Gluskin Sheff + Associates Inc. is one of Canada's pre-eminent wealth management firms, serving high net worth private clients, estates, trusts and institutional investors. Founded in 1984, the Company is dedicated to providing clients with strong risk-adjusted returns together with the highest level of personalized client service. The Company's Common Shares are listed on the Toronto Stock Exchange under the symbol "GS". For more information about the Company, please visit our website at www.gluskinsheff.com.

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This press release may contain forward-looking statements relating to Gluskin Sheff + Associates Inc.'s business and the environment in which it operates. These statements are based on the Company's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. These risks and uncertainties are discussed in the Company's regulatory filings available on the Company's website at www.gluskinsheff.com or at www.sedar.com. Actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances; except as required by applicable law.

Non-IFRS Measures
Included in this press release are certain financial terms (including Base EBITDA and AUM) that the Company utilizes to assess the financial performance of its business that are not measures recognized under International Financial Reporting Standards (IFRS). These non-IFRS measures do not have any standardized meanings prescribed by IFRS and should not be considered alternatives to net income or any other measure of performance determined in accordance with IFRS. Therefore, these non-IFRS measures are unlikely to be comparable to similar measures presented by other issuers. For additional information regarding the Company's use of non-IFRS measures, including the calculation of these measures, please refer to the "Non-IFRS financial measures" section of the Company's Management's Discussion and Analysis and its financial statements available on the Company's website and on the SEDAR website located at www.sedar.com.