

# TRICON CAPITAL GROUP INC.

## Form 51-102F4

### *Business Acquisition Report*

#### Item 1 Identity of Company

##### 1.1 Name and Address of Company

Tricon Capital Group Inc. (“**Tricon**” or the “**Company**”)  
7 St. Thomas Street, Suite 801  
Toronto, ON  
M5S 2B7

##### 1.2 Executive Officer

David Veneziano  
Executive Vice President & General Counsel  
Telephone: (416) 323-2482

#### Item 2 Details of Acquisition

##### 2.1 Nature of Business Acquired

On June 11, 2019, Tricon acquired (i) all of the issued and outstanding units of Starlight U.S. Multi-Family (No. 5) Core Fund (the “**Fund**”), (ii) the general partnership interest in the Fund, and (iii) all of the issued and outstanding class B units of Starlight Investments Partnership (“**SIP**”), in each case from the holder(s) thereof, by way of an arrangement (the “**Arrangement**”) under Section 193 of the *Business Corporations Act* (Alberta) in accordance with and subject to the terms and conditions of a plan of arrangement (as amended, the “**Plan of Arrangement**”). The Fund and SIP are now wholly owned subsidiaries of Tricon.

The Plan of Arrangement was completed pursuant to an arrangement agreement among Tricon, the Fund and Starlight U.S. Multi-Family (No. 5) Core GP, Inc. (the “**Fund GP**”) dated April 2, 2019 (the “**Arrangement Agreement**”). Tricon and the Fund each held a special meeting of shareholders and unitholders, respectively, on June 6, 2019 (the “**Meetings**”) at which the Tricon shareholders approved the issuance of Tricon common shares pursuant to the Arrangement and the unitholders of the Fund also approved the Arrangement.

Further information pertaining to the Arrangement is set forth in the management information circulars prepared by each of Tricon (the “**Tricon Circular**”) and the Fund, each dated May 2, 2019, in respect of the Meetings which are filed under Tricon and the Fund’s respective SEDAR profiles at [www.sedar.com](http://www.sedar.com). Appendix “D” of the Tricon Circular, which is titled “Appendix “D” - Information Concerning the Fund”, is incorporated by reference in this Business Acquisition Report. The following is a summary of the business of the Fund.

The Fund is a limited partnership formed under the *Limited Partnerships Act* (Ontario) for the primary purpose of indirectly acquiring, owning and operating a portfolio of diversified income producing rental properties in the U.S. multi-family real estate market. The Fund currently owns 23 properties, consisting of 7,289 suites with an average year of completion of 2012. The assets are primarily garden-style apartment complexes featuring resort-style amenities and are located in desirable suburban neighbourhoods within U.S. Sun Belt states.

## 2.2 Acquisition Date

June 11, 2019.

## 2.3 Consideration

Pursuant to the Arrangement, a total of 50,779,311 common shares of Tricon (“**Tricon Shares**”) were issued to Fund unitholders and SIP unitholders in exchange for Fund units and SIP class B units, respectively. Additionally, Tricon paid \$100 to the Fund GP in consideration for the general partnership interest in the Fund.

Based on the closing trading price of Tricon Shares on the Toronto Stock Exchange on June 10, 2019, the total consideration payable by Tricon (including the issuance of the 50,779,311 Tricon Shares and Tricon indirectly assuming the Fund’s existing debt) was approximately US\$1.33 billion.

The final exchange ratios for each class of Fund units were as follows:

<b>Class of Units</b>	<b>Exchange Ratio (per Unit)<sup>1</sup></b>
Class A Fund Units	0.9669 Tricon Shares
Class C Fund Units	0.9820 Tricon Shares
Class D Fund Units	0.9697 Tricon Shares
Class E Fund Units	1.2737 Tricon Shares
Class F Fund Units	0.9713 Tricon Shares
Class H Fund Units	1.0563 Tricon Shares
Class U Fund Units	1.2800 Tricon Shares

## 2.4 Effect on Financial Position

The effect of the Arrangement on the assets and operations of Tricon are set forth in the pro forma financial statements incorporated by reference herein. Tricon has no plans or proposals for material changes in its business affairs or the affairs of the Fund which may have a significant impact on the financial performance and financial position of Tricon.

---

<sup>1</sup> The exchange ratios have been rounded.

## **2.5 Prior Valuations**

Tricon is not aware of any prior valuations of the Fund required by securities legislation or any stock exchange.

## **2.6 Parties to Transaction**

Each of party to the Arrangement was arm's length to the Company. The Arrangement did not involve an informed person, associate, or affiliate of the Company as defined under National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”).

## **2.7 Date of Report**

June 13, 2019.

### **Item 3 Financial Statements and Other Information**

The following financial statements, which are included in or incorporated by reference in the Tricon Circular filed under Tricon's SEDAR profile at [www.sedar.com](http://www.sedar.com), are incorporated by reference in this Business Acquisition Report:

1. The Fund's audited comparative consolidated financial statements of the Fund and the notes thereto for the years ended December 31, 2018 and 2017, together with the auditors' report thereon;
2. Tricon's audited comparative consolidated financial statements of, and the notes thereto for the years ended December 31, 2018 and 2017, together with the auditors' report thereon; and
3. The unaudited pro forma consolidated balance sheet of Tricon giving effect to the Arrangement as if the Arrangement had occurred on December 31, 2018 and the unaudited pro forma consolidated statements of net and comprehensive income giving effect to the Arrangement as if the Arrangement had occurred on January 1, 2018, together with notes thereto.

Tricon is relying on Section 8.4(4)(c)(ii) of NI 51-102 in connection with the provision of the financial disclosure required pursuant to NI 51-102.