

**Form 62-103F1**

*Required Disclosure under the Early Warning Requirements*

**Item 1 – Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

This report applies to (i) common shares (the “**Common Shares**”) of Tricon Residential Inc. (the “**Corporation**”), and (ii) preferred equity units (the “**Preferred Units**”) of Tricon PIPE LLC (the “**Subsidiary**”) that are exchangeable into Common Shares.

The Corporation’s head office is located at:  
7 St. Thomas Street  
Suite 801  
Toronto, ON  
M5S 2B7

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Not applicable.

**Item 2 – Identity of the Acquiror**

**2.1 State the name and address of the acquiror.**

Blackstone Real Estate Income Trust, Inc. (“**BREIT**”) through its subsidiary, BREIT Debt Parent LLC (the “**Investor**”)  
345 Park Avenue  
New York, NY 10154

BREIT is a public unlisted, perpetual life real estate investment trust operated under the direction of its board of directors. With the approval of its board, BREIT has entered into an advisory agreement for external management of BREIT by BX REIT Advisors L.L.C., a Delaware limited liability company (the “**Adviser**”), which is an

affiliate of the real estate group (“**Blackstone Real Estate**”) of The Blackstone Group Inc. Pursuant to such advisory agreement, the Adviser has contractual and fiduciary responsibilities to BREIT stockholders and is responsible for making decisions related to the acquisition, management, financing and disposition of assets, subject to oversight by the board of directors. BREIT, the Adviser and Blackstone Real Estate shall be collectively referred to herein as the “**Blackstone Affiliates**”.

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On August 26, 2020, the Investor entered into a securities subscription agreement (the “**Securities Subscription Agreement**”) with the Corporation and the Subsidiary, pursuant to which (i) the Subsidiary agreed to sell 240,000 Preferred Units (the “**Purchased Preferred Units**”) to the Investor for aggregate consideration of US\$240,000,000, and (ii) the Corporation agreed to sell one Common Share (the “**Purchased Common Share**”) to the Investor for aggregate consideration of US\$7.53 (collectively, the “**Transaction**”). Closing of the Transaction (“**Closing**”) is expected to occur by early September 2020, subject to the receipt of approval from the Toronto Stock Exchange (“**TSX**”).

The Preferred Units are exchangeable into Common Shares at any time at the option of the Investor at an initial exchange price of US\$8.50 (the “**Exchange Price**”). The Exchange Price will be subject to adjustment from time to time in accordance with the terms of the Preferred Units.

**2.3 State the names of any joint actors.**

Under applicable securities laws, the Investor may be considered to be acting jointly or in concert with the Blackstone Affiliates.

**Item 3 – Interest in Securities of the Reporting Issuer**

**3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.**

Immediately prior to the entering into of the Transaction, the Investor and the Blackstone Affiliates owned no voting or equity securities in the capital of the Corporation.

Upon Closing, the Investor will own 240,000 Preferred Units and one Common Share, representing approximately 12.8% of the then-outstanding Common Shares, assuming the exchange of all of the outstanding Purchased Preferred Units owned or controlled by the Investor and the Blackstone Affiliates for Common Shares at the Exchange Price.

**3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.**

See Item 2.2 above.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

See Item 3.1 above.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

**(a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 3.1 above.

**(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

**State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

#### **Item 4 – Consideration Paid**

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

Pursuant to the Securities Subscription Agreement, the Purchased Preferred Units are to be acquired for aggregate consideration of US\$240,000,000 (approximately C\$315,720,000), or the equivalent of US\$1,000 per Purchased Preferred Unit, and the Purchased Common Share is to be acquired for aggregate consideration of US\$7.53 (approximately C\$9.90). The exchange rate used for Canadian dollar equivalents is based on the Bank of Canada daily US dollar to Canadian dollar exchange rate in effect on August 26, 2020, being US\$1:C\$1.3155.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 4.1 above.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

#### **Item 5 – Purpose of the Transaction**

**State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:**

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**

- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

When acquired, the Purchased Common Share, and any Common Shares issued to the Investor on exchange of the Preferred Units, will be held for investment purposes. The Investor may, from time to time, transfer any acquired Preferred Units or Common Shares to BREIT and its affiliates.

Depending on various factors they may deem relevant, including, without limiting the generality of the foregoing, market conditions, general economic and industry conditions and the Corporation's business and financial condition, the Investor, the Blackstone Affiliates and/or any of their affiliates may take such actions with respect to their investment in the Corporation and the Subsidiary as they deem appropriate, including (i) acquiring, exchanging, converting, exercising, selling or otherwise disposing of Preferred Units, Common Shares or other securities of the Corporation or the Subsidiary, or securities that are convertible or exchangeable into, or exercisable for, securities of the Corporation or the Subsidiary, (ii) exercising the Investor's rights under the Investor Rights Agreement and the LLC Agreement (each as defined

below), and/or (iii) subject to the Standstill (as defined below), developing plans or intentions or taking actions which relate to or would result in one or more of the transactions or matters referred to in paragraphs (a) through (k) above.

## **Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder’s fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

### *Securities Subscription Agreement*

The Corporation, the Subsidiary and the Investor entered into the Securities Subscription Agreement which contains customary representations, warranties and covenants of the Corporation, the Subsidiary and the Investor in connection with the subscription of the Purchased Preferred Units and Purchased Common Share.

In connection with the Securities Subscription Agreement, the Corporation, the Subsidiary and the Investor, as applicable, have agreed to enter into the LLC Agreement, the Investor Rights Agreement, the Exchange and Support Agreement and the Subordinated Guarantee Agreement (each as defined below).

The summary descriptions of the Securities Subscription Agreement, the LLC Agreement, the Investor Rights Agreement, the Exchange and Support Agreement and the Subordinated Guarantee Agreement included herein do not purport to be complete and are qualified in their entirety by reference to complete copies of such documents to be filed under the Corporation’s profile at [www.sedar.com](http://www.sedar.com).

### *LLC Agreement*

The Investor and Tricon US Topco LLC, the direct parent of the Subsidiary, have agreed to enter into, among other secondary investors, an amended and restated

limited liability company agreement (the “**LLC Agreement**”) in respect of the Subsidiary. The LLC Agreement provides for the rights and privileges attaching to the Preferred Units. Key terms of the Preferred Units include, but are not limited to:

- (a) The Preferred Units are entitled to a quarterly cash distribution of 5.75% per annum through to the seventh anniversary of Closing, and subject to increases thereafter, to a maximum of 9.75%, and in the event of non-payment (“**Distributions**”).
- (b) The Purchased Preferred Units are exchangeable into Common Shares at any time at the option of the Investor at the Exchange Price. The Exchange Price will be subject to anti-dilution adjustment from time to time in accordance with the terms of the Preferred Units. In the event the Corporation obtains the requisite shareholder approval, Distributions not paid in cash are also so exchangeable.
- (c) Beginning on the fifth anniversary of Closing, the Subsidiary will have the option, but not the obligation, to redeem all (but not less than all) the Preferred Units for an amount in cash equal to 105% of the liquidation preference, plus any accrued distributions.
- (d) Beginning on the fourth anniversary of Closing, the Subsidiary will have the option, but not the obligation, to require all (but not less than all) the Preferred Units to be exchanged into Common Shares if the volume weighted average trading price on 20 trading days in a 30 consecutive trading day period of the Common Shares exceeds 135% of the Exchange Price, which shall be reduced to 115% of the Exchange Price beginning on the fifth anniversary.
- (e) In the event of a change of control, the Subsidiary will offer to redeem all but not less than all Preferred Units for a cash amount equal to the greater of (i) the liquidation preference plus a make whole premium based on the Distributions that would have been payable on the Preferred Units from the redemption date until and including the sixth anniversary of Closing, and (ii) the number of Common Shares into which the Preferred Units are exchangeable multiplied by the market price immediately prior to such change of control.
- (f) In the event of a change of control in more limited circumstances, the Subsidiary shall have the right, at its option, to redeem all but not less than all of the Preferred Units held by any holder of Preferred Units that does not accept the redemption offer noted in (e) above.
- (g) The Preferred Units will not entitle the Investor to vote as shareholders of the Corporation.

Unless the Corporation has obtained the requisite shareholder approval of its shareholders, which the Corporation shall not be obligated to obtain under any circumstances, the Preferred Units shall not be exchangeable into Common Shares if

and to the extent that, (i) as a result of the delivery of Common Shares upon such exchange, the Investor, together with its affiliates or other persons acting together with the Investor, would beneficially own or exercise control or direction over in excess of 19.99% of the number of Common Shares outstanding immediately after giving effect to such exchange, or (ii) the Investor would become an acquiring person under the Corporation's shareholder rights plan (such limit, the "**Exchange Cap**").

### Investor Rights Agreement

The Corporation, the Subsidiary and the Investor have agreed to enter into an investor rights agreement on Closing (the "**Investor Rights Agreement**"), pursuant to which the Investor, subject to ownership requirements enumerated in the Investor Rights Agreement, shall be entitled to:

- (a) participation rights with respect to future offerings of Common Shares and securities exchangeable for, convertible into or exchangeable into Common Shares (excluding certain exempt issuances);
- (b) registration rights with respect to the Common Shares;
- (c) board nomination rights; and
- (d) certain other governance rights, including the right to approve certain actions proposed to be taken by the Corporation and its subsidiaries, as more particularly set out in the Investor Rights Agreement.

In particular, the Investor shall be entitled to designate one nominee (the "**Investor Nominee**") for election to the board of directors of the Corporation (the "**Board**") for so long as the Investor beneficially owns or controls at least 35% of the Purchased Preferred Units or 5% of the Common Shares on an as-exchanged basis.

Pursuant to the registration rights granted under the Investor Rights Agreement, the Corporation will be required to file a prospectus covering Common Shares issuable or deliverable upon exchange of the Preferred Units or upon exercise of the aforementioned participation right that the Investor requests to be registered from time to time, but not more than twice in any 12-month period, subject to certain additional conditions set out in the Investor Rights Agreement. The Investor will also have piggyback registration rights on offerings initiated by the Corporation. The demand registration and piggyback rights granted to the Investor pursuant to the Investor Rights Agreement terminate on the earlier of (i) the Corporation having

effected five demand registrations, and (ii) the first day following the date on which the as-exchanged ownership of the Investor and its affiliates is less than 3%.

Pursuant to the Investor Rights Agreement, the Investor will be subject to a standstill (the “**Standstill**”), which, among other things, will restrict the Investor and its joint actors from taking certain actions with respect to the Corporation, including the solicitation of proxies and the acquisition of additional Common Shares (or any securities convertible, exercisable or exchangeable into Common Shares) in an amount that brings the beneficial ownership, direction or control of the Investor, together with its joint actors, over 19.99% of the issued Common Shares (after giving effect to any applicable Exchange Cap), subject to certain exceptions. The Standstill will continue until the latest to occur of (i) the date that is 18 months after the date the Investor Rights Agreement is entered into, and (ii) the date that is three months following the date on which no Investor Nominee serves on the Board.

The Investor Rights Agreements contains a prohibition on a private sale of control. So long as the as-exchanged beneficial ownership of the Investor and its affiliates is equal to or greater than 5% (or the Investor and its affiliates beneficially own or control at least 35% of the Purchased Preferred Units), the Investor is not permitted to transfer any Preferred Units or any Common Shares which would result in the transferee beneficially owning, or exercising control or direction over, more than 19.99% of the issued and outstanding Common Shares on the date of the transfer (after giving effect to any applicable Exchange Cap), unless such transfer is approved by the independent directors of the Corporation or is in connection with a change of control transaction.

Pursuant to the Investor Rights Agreement, the Investor will also be subject to a lock-up that prohibits it from transferring any Preferred Units prior to the date that is three years after the date on which the Investor Rights Agreement is entered into, subject to certain exceptions.

#### *Exchange and Support Agreement*

The Corporation, the Subsidiary and the Investor have agreed to enter into an exchange and support agreement on Closing (the “**Exchange and Support Agreement**”), providing for, among other things, the grant by the Corporation to each holder of Preferred Units, from time to time, of the right to exchange Preferred Units for Common Shares on terms substantially identical to the exchange right provided for in the LLC Agreement.

#### *Subordinated Guarantee Agreement*

The Corporation and the Investor have agreed to enter into a subordinated guarantee agreement on Closing (the “**Subordinated Guarantee Agreement**”), pursuant to which the Corporation, as guarantor, will guarantee all of the obligations of the Subsidiary pursuant to the terms of the Preferred Units. Such guarantee will rank junior to any senior indebtedness of the Corporation.

**Item 7 – Change in Material Fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.**

Not applicable.

**Item 8 – Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not applicable.

**Item 9 – Certification**

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

[signature page follows]

DATED as of the 28<sup>th</sup> day of August, 2020.

**BREIT DEBT PARENT LLC**

by (Signed) Leon Volchyok

Name: Leon Volchyok

Title: Managing Director